

Culture and Community Services

Annual Report
2011-2012

Alberta 

Note to Readers:

Copies of the annual report are available on the website (www.culture.alberta.ca) or by contacting:

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Culture and Community Services

Annual Report 2011-12

Preface	2
Minister's Accountability Statement	3
Message from the Minister	4
Management's Responsibility for Reporting	5
Results Analysis	6
Ministry Overview	6
Review Engagement Report	9
Performance Measures Summary Table	10
Discussion and Analysis of Results	11
Ministry Expense by Function	29
Financial Information	31
Financial Statements	33
Other Information	167
Statements of Writeoffs	167
Acts Administered by Culture and Community Services	168
Performance Measures: Data Sources and Methodology	169
Readership Survey	171

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the audited consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On October 12, 2011, the government announced new ministry structures. The 2011-12 ministry annual reports and financial statements have been prepared based on the October 12, 2011 ministry structure.

The October 12, 2011 Ministry of Culture and Community Services transferred responsibility for the Alberta Human Rights Commission and the Human Rights Education and Multiculturalism Fund to the Ministry of Justice and Attorney General.

This annual report of the Ministry of Culture and Community Services contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Culture and Community Services, regulated funds and provincial agencies for which the minister is responsible; and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.**

On May 8, 2012, the government announced cabinet restructuring. As a result, the Ministry of Culture and Community Services was restructured. The Ministry of Municipal Affairs' responsibility for the Francophone Secretariat was transferred to the ministry, which was renamed the Ministry of Culture.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2012, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at May 30, 2012, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by
Heather Klimchuk
Minister of Culture

Message from the Minister

As another fiscal year comes to a close, I look back on our ministry's accomplishments with pride. Across the province, we worked diligently to support *The Spirit of Alberta*, our province's cultural policy, to encourage the growth of arts and culture, promote and preserve our heritage and foster relationships within our nonprofit/voluntary sector.

In February, Culture Forum 2012 – the largest cross-disciplinary discussion on culture ever held in our province – took place in Red Deer. The two-day event saw nearly 400 participants take part and a broad range of ideas, best practices and new innovations were discussed. The conversation has continued with stakeholders and the broader public through an online survey. The results will help develop innovative solutions to common challenges to ensure Alberta's culture is vibrant and sustainable for Albertans, visitors and investors.

Our province's vibrant culture was showcased during Alberta Arts Days, a three-day celebration drawing thousands of Albertans to 1,046 events in 93 communities in 2011. As a result of the input from the Culture Forum 2012, Alberta Arts Days was renamed Alberta Culture Days to encourage broader participation from arts, heritage, nonprofit/voluntary and youth serving organizations.

As a ministry, we continue to ensure our efforts are relevant and meet the needs of our stakeholders. This includes broadening the membership of the Alberta Film Advisory Council to include representatives of the digital media industry. Without a doubt, digital technologies are changing how cultural goods and services are created, produced and disseminated in Alberta and around the world.

Our community investment grant programs support cultural organizations across Alberta, building strong and vibrant communities. In 2011-12, the Community Initiatives Program and Community Facility Enhancement Program provided \$61.3 million to 1,380 applicants. The Community Spirit Program provided 2,099 grants totalling \$15.5 million to Alberta-based nonprofit and charitable organizations. An additional 22 initiatives received \$13.6 million in funding support through the Other Initiatives Program.

Ensuring Alberta's rich heritage and history is valued and accessible to Albertans is another important goal of our ministry. Last year saw the expansion and revitalization of a number of exhibits at heritage sites. Plans were announced to develop a new, comprehensive Royal Alberta Museum in downtown Edmonton.

January 2012 saw the Alberta-Heilongjiang 30th Anniversary Winter Festival, which featured musical performances and cultural activities enjoyed by more than 8,300 people on the Alberta Legislature grounds. As a special gift to Albertans for three decades of friendship, master snow and ice carvers from Heilongjiang presented our province with eight intricate and stunning sculptures.

I am also proud that Calgary was declared a 2012 Culture Capital of Canada – proof that Alberta's rich and vibrant culture is being recognized provincially, nationally and beyond.

These examples are just some highlights of our ministry's numerous accomplishments in 2011-12.

Original signed by
Heather Klimchuk
Minister of Culture

Management's Responsibility for Reporting

The Ministry of Culture and Community Services includes the Department of Culture and Community Services and the agencies listed in the ministry overview chart on page six.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Culture and Community Services. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – goals, performance measures and related targets match those included in the ministry's Budget 2011.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

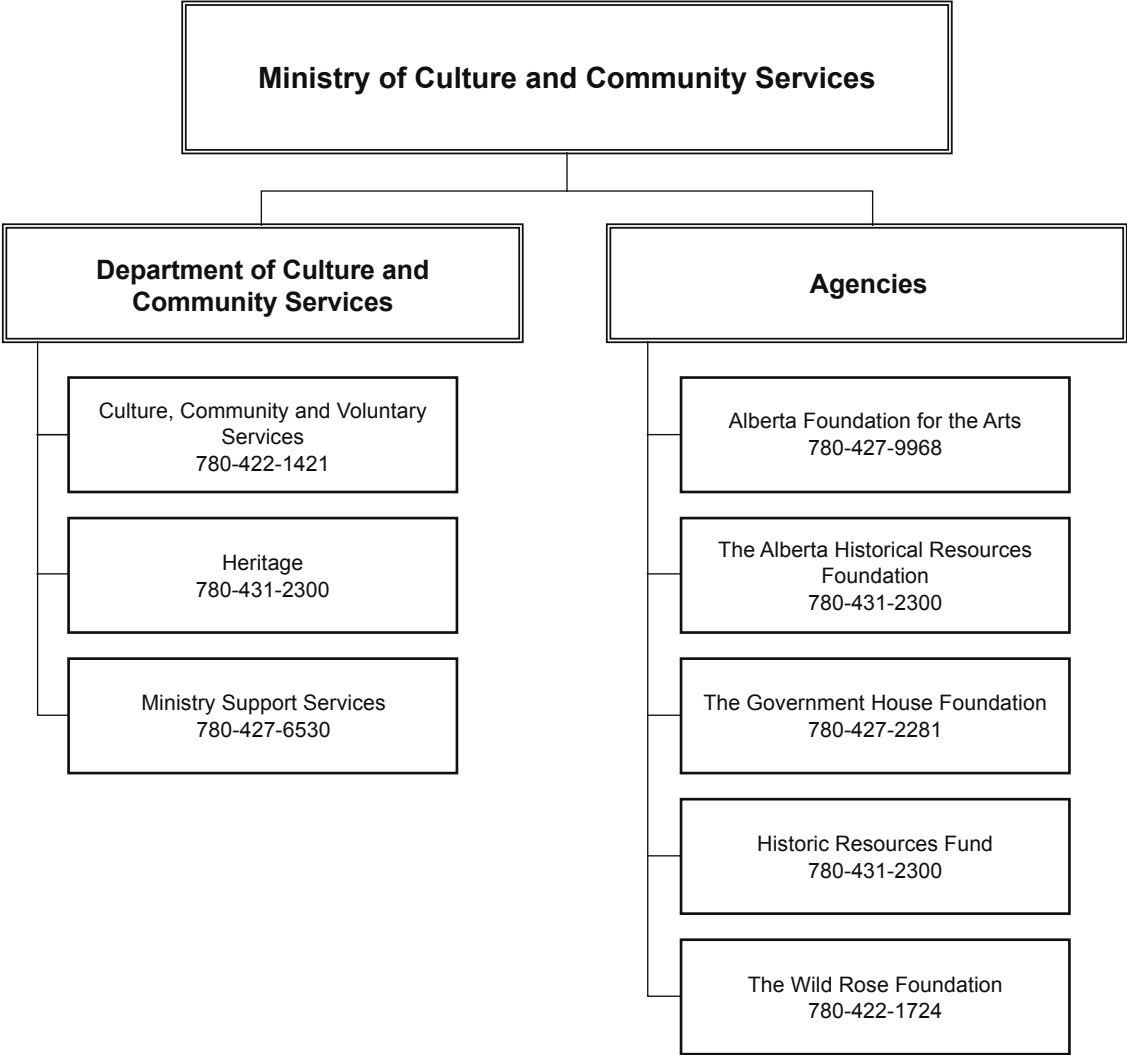
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance and the Minister of Culture and Community Services information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Original signed by
Barry Day
Deputy Minister of Culture
May 30, 2012

Results Analysis

Ministry Overview



The following description of the ministry's structure provides an overview of the range of programs and services available to Albertans.

Department

1. Culture, Community and Voluntary Services

The Culture, Community and Voluntary Services Division supports a wide range of community and cultural endeavours through education programs and services; collaboration, facilitation and consultation services; and financial support to community organizations. The division works closely with Alberta's nonprofit/voluntary sector in developing its sustained ability to provide community services. The Community Spirit Program encourages charitable giving to nonprofit organizations and charities through the charitable tax credit and a proportional grant program. Lottery-funded grant programs such as the Community Facility Enhancement Program, Community Initiatives Program and Other Initiatives Program offer a diverse range of financial supports to meet the needs of nonprofit organizations.

The division provides support to the Alberta Foundation for the Arts for grant programs dedicated to promoting and showcasing the arts. It also manages the Northern and Southern Alberta Jubilee Auditoria which provide Albertans the opportunity to experience world-class entertainment and perform in premiere venues. Alberta Film collaborates with the film, television and digital media industry to facilitate growth and provides financial incentives through the Alberta Multimedia Development Fund to support local projects and attract foreign production to the province. The division also helps Albertans make informed viewing choices by providing film classification services and licences to commercial film distributors that operate in Alberta.

2. Heritage

The Heritage Division preserves, protects and presents Alberta's natural and cultural history. The division carries out its mandate by managing and operating a network of 20 provincial heritage facilities consisting of the Provincial Archives of Alberta, Royal Alberta Museum, Royal Tyrrell Museum of Palaeontology, Reynolds-Alberta Museum, Ukrainian Cultural Heritage Village, Remington Carriage Museum and 14 historic sites and interpretive centres. It also manages the provincial heritage collections, and develops and delivers education programs, exhibitions and special events. The division regulates land-based development activities in the province to preserve significant historical resources, and protects designated historic places, archaeological and palaeontological sites and historic buildings. It also provides support to The Alberta Historical Resources Foundation and The Government House Foundation.

3. Ministry Support Services

Ministry Support Services includes the minister's office; deputy minister's office; communications; human resource services; financial services; policy, planning and legislative services; and information management and technology services. These services are provided to the entire ministry to optimize operating efficiency.

1. Alberta Foundation for the Arts

The Alberta Foundation for the Arts provides funding to artists and arts organizations to encourage the growth and development of the arts sector in Alberta. Grants from the foundation help to provide opportunities for public participation in, and enjoyment of, the arts; for artists to develop excellence in artistic practice; and for organizations to increase capacity for arts programming. In addition, the foundation collects visual art of artistic and historical significance by Alberta artists and supports programming to display artwork from the collection in communities throughout the province, nationally and internationally.

2. The Alberta Historical Resources Foundation

The Alberta Historical Resources Foundation provides grant assistance for community-based heritage initiatives across the province. These include conservation of historical buildings and main street heritage districts, as well as the development of interpretive markers, publications and educational projects. In addition, the foundation is responsible for the naming of geographical features in Alberta and supporting the activities of several heritage societies.

3. The Government House Foundation

The Government House Foundation cares for and promotes the interests of Government House, the former home of Alberta's lieutenant governors. The foundation advises the minister on the preservation of Government House as an historic site and building, and enhances the physical attributes of Government House, including its works of art and furnishings.

4. Historic Resources Fund

The purpose of the Historic Resources Fund is to protect, enhance, promote and display Alberta's historical resources. This is done through funding programs designated by the Lieutenant Governor in Council and by promoting the use and development of related facilities.

5. The Wild Rose Foundation

The Wild Rose Foundation was established to support Alberta's voluntary sector and promote volunteerism through the provision of financial assistance, skills development and training, and recognition initiatives. The foundation currently provides funding for the annual Vitalize Provincial Voluntary Sector Conference.

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measure identified as “Reviewed by Auditor General” in the *Ministry of Culture and Community Services’ 2011-12 Annual Report*. The reviewed performance measure is the responsibility of the Ministry and is prepared based on the following criteria:

- Reliability - information used in applying performance measure methodology agrees with underlying source data for the current and prior years’ results.
- Understandability - the performance measure methodology and results are presented clearly.
- Comparability - the methodology for performance measure preparation is applied consistently for the current and prior years’ results.
- Completeness – the goal, performance measure and related target match those included in the Ministry’s Budget 2011.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating Ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the “Reviewed by Auditor General” performance measure in the Ministry’s 2011-12 Annual Report is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 18, 2012

Edmonton, Alberta

Performance measure reviewed by the Auditor General is noted with a double asterisk (**)
on the Performance Measures Summary Table

Performance Measures Summary Table

Goals/Performance Measure(s)	Prior Years' Results				Target	Current Actual
1. An Alberta where a vibrant arts community inspires creativity and innovation and is part of the fabric of how we live and work						
1.a Percentage of adult Albertans who participated in arts activities or events*	87.4% 2007-08	91.0% 2008-09	90.7% 2009-10	89.5% 2010-11	91.0%	86.0% 2011-12
1.b Dollars spent in Alberta as a result of film and television productions supported by the Alberta Multimedia Development Fund (\$million)	\$87.5 2007-08	\$89.6 2008-09	\$93.4 2009-10	\$63.5 2010-11	\$94.0	\$75.5 2011-12
2. Alberta has inclusive and engaged communities, supported by a strong nonprofit/voluntary sector						
2.a Percentage of adult Albertans who volunteered in their community	Not Available 2007-08	81.4% 2008-09	82.7% 2009-10	72.3% 2010-11	83.0%	80.4% 2011-12
2.b Percentage of Community Initiatives Program and Community Facility Enhancement Program grant recipients who indicated the funding benefited their community	96.9% 2007-08	99.2% 2008-09	94.4% 2009-10	93.8% 2010-11	98.0%	97.0% 2011-12
2.c Percentage of customers satisfied with capacity building facilitation services and workshops	98.3% 2007-08	97.3% 2008-09	97.6% 2009-10	96.8% 2010-11	98.0%	97.6% 2011-12
3. Alberta's rich heritage is valued, and historic resources are preserved and accessible to Albertans						
3.a Percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta**	94.7% 2007-08	95.0% 2008-09	95.4% 2009-10	93.3% 2010-11	95.0%	94.2% 2011-12
3.b Percentage of adult Albertans who visited a heritage facility in Alberta	56.9% 2007-08	62.7% 2008-09	60.9% 2009-10	61.3% 2010-11	61.0%	58.8% 2011-12
3.c Percentage of adult Albertans who agree that overall historical resources are being adequately protected and preserved in Alberta communities	67.5% 2007-08	63.1% 2008-09	64.6% 2009-10	65.5% 2010-11	66.0%	65.2% 2011-12

* This measure is also included in *Measuring Up* 2011-12 under goal three. Data for this measure for years 2009-10 and 2011-12 were audited by the Office of the Auditor General as indicated in the *Measuring Up* auditor's report.

** Indicates the performance measure that has been reviewed by the Office of the Auditor General. The performance measure indicated with ** was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal and mandated initiatives,
- Measures for which new data is available, and
- Measures that have well established methodology.

For more detailed information see Performance Measures: Data Sources and Methodology on pages 169 - 170.

Discussion and Analysis of Results

Goal One Linked to Core Business One - Support the growth and sustainability of the arts and creative industries in Alberta

An Alberta where a vibrant arts community inspires creativity and innovation and is part of the fabric of how we live and work

Overview

Culture and Community Services supports this goal through the implementation of *The Spirit of Alberta*, Alberta's cultural policy. The policy has four keystones: all Albertans have access to a wide range of cultural activities; communities have the capacity they need to support culture; our artists and creators are striving to achieve excellence; and government policy will encourage cultural industry capacity, sustainability and development. As well, the ministry develops partnerships involving other ministries, other governments, the private sector, the nonprofit/voluntary sector and the cultural sector to explore and recommend new ways to support the cultural policy.

The ministry works with artists, arts organizations and cultural industries in supporting this goal. This includes preserving, maintaining and displaying Alberta's art collections; providing support to film, television and digital media, sound recording and book and magazine publishers; and distributing grants to artists and arts organizations through the Alberta Foundation for the Arts. At the Jubilee Auditoria, the ministry showcases a wide variety of cultural and community events, including international touring theatre companies and musicians. Other ministerial activities include classifying all films prior to public exhibition, licencing and regulating film distributors, and communicating classifications to movie theatres and media outlets.

Results

The ministry's Culture Forum 2012 was held in Red Deer on February 24 and 25, 2012. Nearly 400 representatives of Alberta's arts, heritage, multicultural, nonprofit/voluntary, creative industries and corporate sectors participated in the event. The purpose of the forum was to make recommendations on cost-effective initiatives that promote the sustainability and long-term growth of the sector. This will help ensure Alberta's culture is vibrant and healthy for Albertans, visitors and investors. Delegates took part in 18 concurrent workshops, where a broad range of ideas, best practices and new innovations were discussed. The discussions, along with the feedback received from the online public survey, will help government, the corporate community and Alberta's cultural sector collaboratively build a solid foundation for culture to prosper in the province.

DID YOU KNOW?

Alberta Arts Days took place from September 30 to October 2, 2011. During the event, Albertans discovered, experienced and celebrated arts and culture in 93 communities.

Alberta Arts Days was renamed as Alberta Culture Days based on input from the forum. This change will encourage broader participation and support the efforts of Alberta's arts, heritage, nonprofit/voluntary, multicultural and youth serving organizations.

The ministry developed plans to redevelop the Alberta Foundation for the Arts website and initiate a province-wide Alberta arts promotion project partnership with municipal arts funders. These initiatives will contribute to increased accessibility to foundation programming, online application processes and information about the arts in Alberta for stakeholders.

Through the ministry's online application system, customized forms and application processes were developed for the Alberta Multimedia Development Fund. The online application process will improve transparency and efficiency, aligning all cultural industry funding with departmental grant process standards. The ministry is now well positioned to plan for the implementation of this online application system for the Alberta Foundation for the Arts.

In addition to more than 20 arts and cultural industry expert panels convening to adjudicate Alberta Foundation for the Arts and cultural industry project grants, an expert panel process was implemented for book and magazine publishing and sound recording operating grants, as well as the project/script development, and training and mentorship grants of the Alberta Multimedia Development Fund. The expert panel approach contributes to consistency, fairness and equity in the granting process.

The ministry worked with stakeholders to better understand their views on peer assessment as a component of formula-based granting to inform grant stream refinements for operating funding. This dialogue with arts organizations contributed to recommendations that will be considered by the Alberta Foundation for the Arts in 2012-13.

The minister has broadened the membership of the Alberta Film Advisory Council to include representatives of the digital media industry. The council has a mandate from the minister to provide the government with a plan for the creation and implementation of the Alberta Creative Hub initiative; put forward a recommendation for a new private-public funding model that will attract additional funding and investment to the cultural industries; and conduct a quarterly review and provide recommendations for revisions or updates to the Alberta Multimedia Development Fund production guidelines. The recommendations and input from this advisory group will help inform the government's approach to creative industries in Alberta.

DID YOU KNOW?

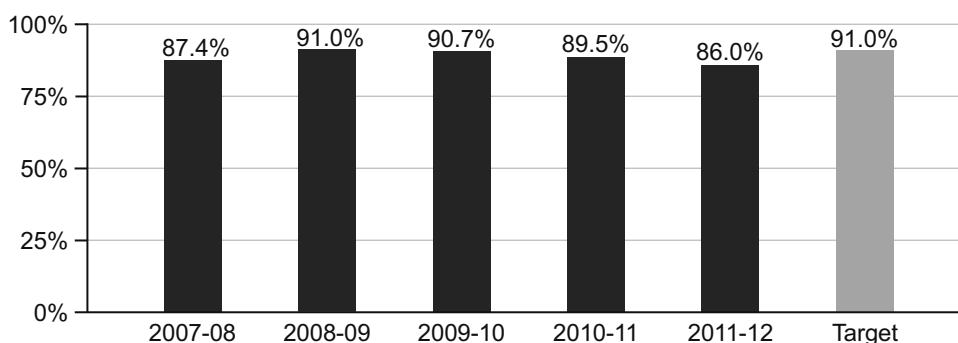
The Alberta-Heilongjiang 30th Anniversary Winter Festival was held from January 12 to 22, 2012. During the 11 day celebration, Albertans enjoyed spectacular ice and snow carvings, cultural performances in the Alberta House Tent and rides on the High Level Streetcar to the Ice on Whyte festival.

DID YOU KNOW?

In December 2011, the federal Department of Canadian Heritage named Calgary a Cultural Capital for 2012, with funding to encourage sustained community support of arts and culture. Calgary is the second Alberta city to be named a Cultural Capital; Edmonton was a Cultural Capital in 2007.

Performance Measures

1.a Percentage of adult Albertans who participated in arts activities or events



Source: Culture and Community Services Survey of Albertans on Culture

Description

This measure indicates adult Albertans' participation, including attendance, in arts activities or events. Examples of participation include performing in a choir, playing a musical instrument, taking an arts course or visiting an arts exhibition or gallery.

Results

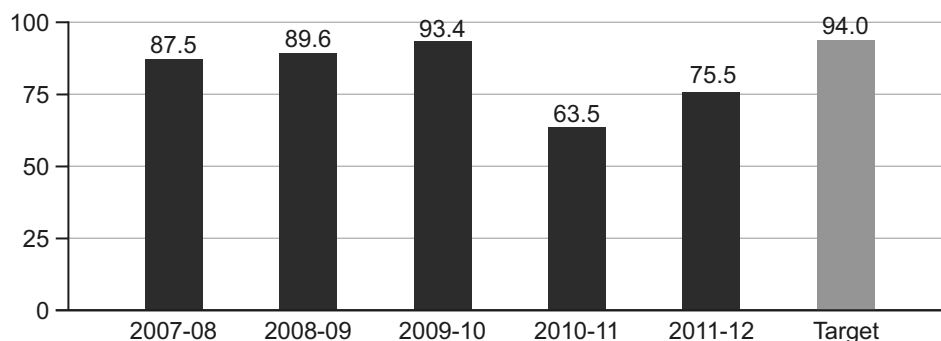
In 2011-12, 86.0 per cent of adult Albertans participated in arts activities or events. The result was 5.0 per cent less than the target of 91.0 per cent and 3.5 per cent lower than last year's result.

Analysis

Albertans' decisions to attend and participate in arts activities or events are influenced by many factors including the availability of time, accessibility, affordability, public awareness and availability of information on the event. While Albertans' involvement in artistic activities remained consistent with 2010-11, their attendance at live performances (-5.3 per cent), visitation of an arts exhibition or gallery (-4.3 per cent) and purchasing of an arts product (-5.1 per cent) decreased. These activities generally have a cost associated with them and the decreases are consistent with Albertans indicating "cost" as a barrier to attending cultural activities (14.9 per cent in 2010-11 and 19.0 per cent in 2011-12). The continued concern over the economy and the cost of events and art products may have contributed to cost being a barrier to attending cultural activities. Albertans also indicated that a lack of time was the primary reason hindering their attendance (44.4 per cent) and participation (53.7 per cent).

Although the performance measure result saw a decrease this year, the results remain high and may be attributed in part to the work undertaken with artists, arts organizations and cultural industries to promote participation in, and foster an appreciation of, the arts and cultural events. In 2011-12, over \$24 million in grants were provided by the ministry to fund arts-related activities, with 86.6 per cent of this funding given to 762 organizations (including 180 schools) for operational and project funding, as well as to amateur arts organizations to support their activities.

1.b Dollars spent in Alberta as a result of film and television productions supported by Alberta Multimedia Development Fund (\$million)



Source: Alberta Multimedia Development Fund Production Reports

Note: In 2010-11, the Alberta Film Development Program was renamed the Alberta Multimedia Development Fund.

Description

This measure indicates the total dollar expenditure in Alberta of all film productions supported by the Alberta Multimedia Development Fund. Eligible costs generally include all expenditures where the good or service is purchased and consumed in Alberta.

Results

In 2011-12, \$75.5 million was spent in Alberta as a result of film and television productions supported by the Alberta Multimedia Development Fund. The result was \$18.5 million less than the 2011-12 target of \$94.0 million. While the result was less than the target, it was \$12 million more than last year's result.

Analysis

A key influencing factor on this year's Alberta spend was the continued residual effect of the global economic situation that resulted in a worldwide decrease in film production. In addition, this year's result was impacted by aggressive financial incentives implemented in recent years by British Columbia, Ontario, Quebec and several American states that continue to affect Alberta's competitiveness. These factors were somewhat mitigated by the shooting of the AMC series pilot *Hell on Wheels*. The renewal of the *Heartland* series also had a significant influence on results.

The Alberta Multimedia Development Fund supports screen-based programs to develop local production expertise and talent, sustain industry development and continue investment in Alberta-based production. In December 2011, enhancements were made to the Alberta Multimedia Development Fund. The fund is now a two-stream grant system (previously three-streams) that increases the eligibility for funding for local and foreign productions.

Goal Two

Linked to Core Business Two - Support Alberta's communities and the nonprofit/voluntary sector

Alberta has inclusive and engaged communities, supported by a strong nonprofit/voluntary sector

Overview

Culture and Community Services provides support to this goal through capacity building initiatives within Alberta's communities and the nonprofit/voluntary sector. This includes working in collaboration with the sector and offering awareness, recognition, leadership and training. The ministry provides facilitation and consultation services, as well as public participation and stakeholder consultation processes to the nonprofit/voluntary sector, community organizations, networks and government entities. The ministry also provides financial support to Alberta's community organizations, nonprofit organizations and public-use facilities through a diverse range of programs and grants (e.g., Community Spirit Program, Community Initiatives Program and Community Facility Enhancement Program).

Results

The ministry worked with over 530 rural and urban community organizations, municipalities and other ministries on approximately 600 projects that were completed to help communities and government build on their strengths, address issues and achieve their goals. Examples of this work included assistance

CLIENT FEEDBACK

"The ministry did an excellent job guiding the service plan process and drawing out both board members and community members. I learned a lot and this will be helpful assisting our group in building a plan on how to go forward in an organized manner."

with developing strategic plans and fund development, board governance training, facilitation training, community collaboration, and facilitation of public engagement and stakeholder consultations. Nearly 900 of these sessions were held with more than 15,500 participants.

The Nonprofit and Voluntary Sector Citizens' Advisory Committee, made up of 12 community leaders from across the province, provided advice directly to the minister on issues facing the nonprofit sector and the related ministry practices. Based on the recommendations, the Enhanced Capacity Advancement Program was initiated, which provides funding to select provincial capacity building programs.

In June, Vitalize 2011 took place in Edmonton. This premiere training and development conference offered educational and motivational sessions, and unique professional development and training opportunities to the voluntary sector which supports Albertans' quality of life. The conference was attended by 685 delegates involving 382 organizations from 114 communities. The Youth Mentor program was successfully delivered at Vitalize 2011 with 40 youth and 30 mentors attending.

In 2011-12, the ministry provided financial support to the nonprofit/voluntary sector through its grant programs to assist groups that make a difference in the lives of Albertans. The Community Spirit Program Donation Grant distributed 2,099 grants totalling \$15.5 million to nonprofits throughout the province.

Further financial support was provided through the Community Initiatives Program, the Community Facility Enhancement Program and the Other Initiatives Program to assist nonprofit community organizations in responding to identified needs across the province. The Community Initiatives Program and the Community Facility Enhancement Program provided \$61.3 million to 1,380 applicants to benefit community projects and initiatives throughout the province. An additional 22 initiatives received \$13.6 million in funding support through the Other Initiatives Program, which included additional funding from special budget allocations during the year.

DID YOU KNOW?

The ministry committed to contribute \$5 million from its lottery-funded Other Initiatives Program to Calgary's Decidedly Jazz Danceworks. The new facility is planned as a vital space for performance creation and a community hub for dance and jazz education.

The ministry covered the cost of 22,783 police information checks for volunteers working with vulnerable populations. The program has reduced administrative costs in the amount of \$341,745 for nonprofit organizations, enabling them to direct more funding to front-line services that assist Albertans.

The ministry, in partnership with Volunteer Alberta, continued to assist in facilitating leadership and skills development training for rural Alberta's nonprofit/voluntary sector organizations. On September 19, 2011, the Knowledge Connector website (www.KnowledgeConnector.ca) was launched to provide leaders with an opportunity to assess their own skills and knowledge and find appropriate training and development opportunities within the province. In addition, the ministry supported over 60 community organizations in the nonprofit/voluntary sector by delivering more than 90 sessions on community leadership and board development. Through the Board Development Program province-wide training and skills development workshops were delivered to nonprofit/voluntary sector board members and senior staff to assist them in leading their organizations more efficiently and effectively. In 2011-12, the ministry delivered 59 workshops and 19 special presentations including five video conference sessions. Moreover, 21 volunteer instructors were successfully trained and are now part of the cohort of volunteer instructors who facilitate the workshops and presentations. The ministry was also involved in the development of the *Board Governance Guidebook*, an online board governance training tool developed in partnership with the Alberta Association of Agricultural Societies. This online training tool won an Award of Excellence for Outstanding Teamwork from the Ministry of Agriculture and Rural Development.

DID YOU KNOW?

The 2011 Stars of Alberta Volunteer Award recipients were announced at a formal ceremony in Edmonton on December 5, 2011. Six Albertans were recognized for their extraordinary volunteer efforts, which contributed to the well-being of their communities and fellow community members.

The ministry continued developing an action plan outlining the government's mission and vision, desired outcomes, strategic directions and collaborative solutions with regard to building inclusive, engaged and resilient communities. To support the action plan, cross-ministry working groups have been established to enable sharing of information and expertise in developing initiatives that support a greater sense of belonging for Aboriginal people and new immigrants in the community. As work progresses, other ministries, stakeholders and communities will be invited to meet, discuss and collaborate to further build upon the plan to ensure it acts as a reference for future action.

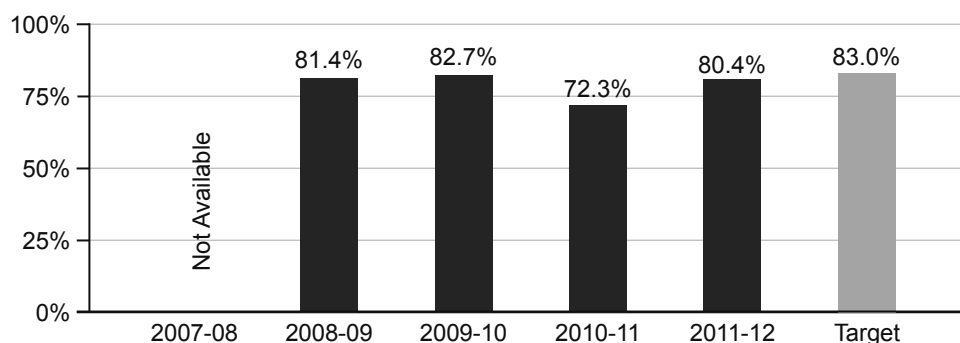
In partnership with Innovative Communities Connecting and Networking, Lethbridge Public Library, and the Community Learning Network, the ministry used videoconferencing technology to increase access to services and resources that included providing information, skill development and training to members of community organizations in various topical areas. Approximately 400 participants in total attended 19 sessions such as: Making your Board Work Easier, The 5 W's of Volunteer Recruitment, and Success Factors in Raising Financial Capital.

In 2011-12, the Community Spirit Program offered applicants opportunities to attend information sessions via videoconferencing. Between mid-September and mid-November, 14 sessions were offered in 34 locations. This proved to be a very effective and economical way for applicants to become more familiar with the Community Spirit Program Donation Grant.

To further engage stakeholders, the Community Spirit Program distributed an online applicant survey seeking input and feedback on the application process and grant benefits. From the responses received, improvements have been made to the communication process for reporting deadlines. In addition, accessibility to the online system has been expanded. Further analysis of the survey results will be used for future program enhancements.

Performance Measures

2.a Percentage of adult Albertans who volunteered in their community



Source: Culture and Community Services Survey of Albertans on Culture

Description

This measure indicates the level of community volunteerism by adult Albertans in the past 12 months. Volunteering is an unpaid contribution of time, energy and/or talents to charitable or nonprofit organizations, causes, community development activities, or help through personal initiative to individuals.

Results

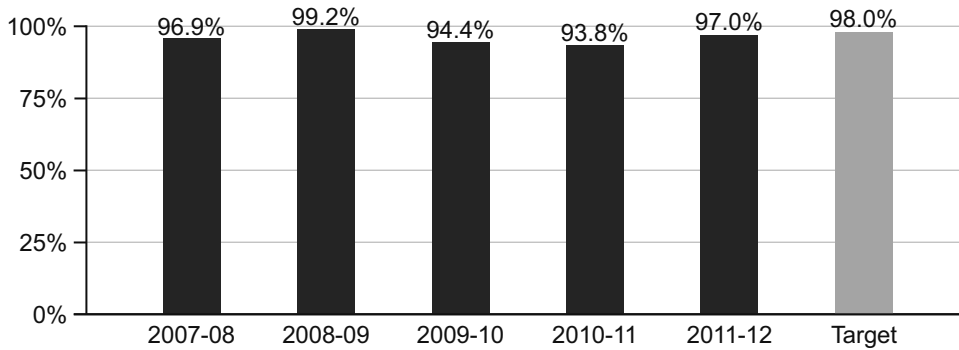
The result of 80.4 per cent was 2.6 per cent less than the 2011-12 target of 83.0 per cent. However, the result is 8.1 per cent higher than in 2010-11 and is consistent with the results from 2008-09 and 2009-10.

Analysis

The Alberta volunteerism rate is influenced by Alberta's economy, job market and the amount of free time Albertans have to volunteer. This year there was a significant increase in informal volunteering, from 56.4 per cent in 2010-11 to 67.3 per cent in 2011-12. Increases in volunteering in 2011-12 were also seen in the areas of human services (2.4 per cent), arts and culture (1.9 per cent), and other volunteer areas (7.9 per cent). Volunteer rates in the areas of sports (-3.2 per cent) and youth development (-4.5 per cent) decreased. Albertans indicated their primary barriers to volunteering include lack of time (53.6 per cent), disability or health problem (20.4 per cent), lack of awareness about volunteer opportunities (7.7 per cent) and lack of interest in volunteering (7.7 per cent).

Promoting the value of volunteerism is a top priority for the ministry. This commitment is demonstrated through a provincial focus on National Volunteer Week and the Stars of Alberta Volunteer Awards programs that recognize the importance of volunteerism to the health and wellness of Alberta communities.

2.b Percentage of Community Initiatives Program and Community Facility Enhancement Program grant recipients who indicated the funding benefited their community



Source: Community Initiatives Program Client Survey and Community Facility Enhancement Program Client Survey

Note: Due to the new annual report timelines, the results for the 2010-11 and 2011-12 fiscal years are based on the last quarter of the previous fiscal year and the first three quarters of the current fiscal year.

Description

This measure indicates the percentage of Community Initiatives Program and Community Facility Enhancement Program grant recipients who indicated that grant funding received benefited their communities.

Results

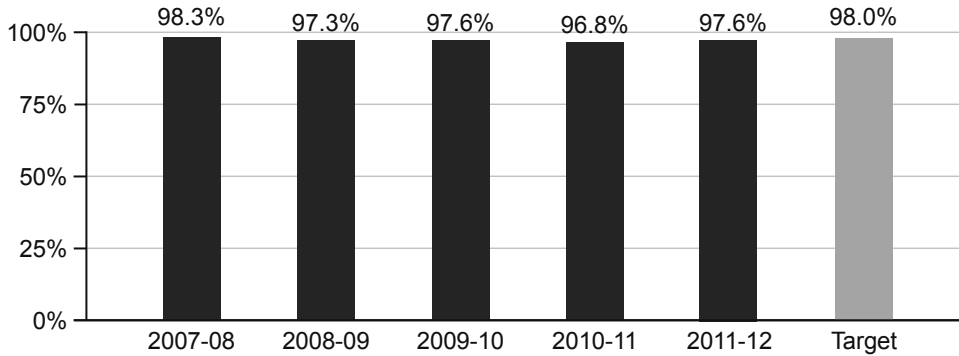
In 2011-12, 97.0 per cent of grant recipients agreed that the funding benefited their community. This result is 1.0 per cent below the target. However, the result is 3.2 per cent higher than the 2010-11 result and remains exceptionally high.

Analysis

The completion status of projects, unforeseen increases in project costs and the amount of funding requested versus received are potential influences on the result. In total, \$61.3 million was provided to 1,380 applicants through these two grant programs to improve Alberta communities. Of the recipients who responded that the Community Initiatives Program benefited their community, 97.3 per cent indicated that the funding enabled their organization to increase the quality of services it provides. For example, funding was used for essential service costs to build or upgrade a building or facility, or for events, programs and equipment. Of the recipients that received funding from the Community Facility Enhancement Program, 96.4 per cent indicated that the funding maintained or increased services to their community; for example, funding was used to upgrade or build facilities. Furthermore, 77.6 per cent of these respondents indicated the facility would now be used for new or additional activities or purposes.

This measure was removed from the ministry 2012-15 business plan to explore developing a new measure that will include additional ministry financial support programs. An online methodology is also being considered to reduce costs and minimize the response burden for clients.

2.c Percentage of customers satisfied with capacity building facilitation services and workshops



Source: Client Satisfaction Survey: Customer Service Information System

Description

This measure indicates the percentage of clients who were satisfied overall with capacity building facilitation services and workshops provided by the ministry. Capacity building facilitation services and workshops encompass a broad range of activities including planning, knowledge and skill transfer, and facilitation and/or consultation regarding a variety of topics from organization development to public stakeholder consultations.

Results

In 2011-12, 97.6 per cent of clients were satisfied with the ministry's capacity building facilitation services and workshops, essentially meeting the target of 98.0 per cent.

Analysis

The results may be affected by a steady and high demand for facilitation and public participation services and training workshops, which help community organizations and government to address issues and to develop organizational and board capacity. This is accomplished through the specialized knowledge of the ministry's community development officers. The ministry's focus on customizing these services and workshops to meet the needs of the client likely had a positive influence on results. The ministry provided a broad range of capacity building facilitation services and workshops to rural and urban nonprofit/voluntary sector organizations and government organizations. Approximately 600 projects were completed in 2011-12.

Goal Three

Linked to Core Business Three - Preserve Alberta's historic resources and make them accessible

Alberta's rich heritage is valued, and historic resources are preserved and accessible to Albertans

Overview

Culture and Community Services supports this goal by managing, operating and promoting a network of provincial heritage facilities that comprises five major museums, 14 historic sites and interpretive centres, and the Provincial Archives of Alberta. This includes managing an irreplaceable legacy of millions of historic and scientific objects, specimens and records. Curriculum-based and general interest programs, exhibits, events and activities provide learning opportunities for children, students and adults. The ministry administers the *Historical Resources Act*, which empowers the province and municipalities to protect highly significant historic places through special designation. The act also enables the Ministry to manage undesignated sites through a variety of conservation measures. As of March 31, 2012, there were over 570 designated Provincial Historic Resources and Municipal Historic Resources throughout Alberta. The ministry regulates land-based development activities to preserve significant historic resources and ensure that industry adopts appropriate heritage management practices. The Alberta Historical Resources Foundation provides advice and funding assistance for historical preservation and presentation.

Results

On April 7, 2011, the Government of Alberta announced plans to develop a new, comprehensive Royal Alberta Museum in downtown Edmonton. Due to challenges of space and accessibility, it was not feasible to construct a comprehensive, state-of-the-art museum at the existing site. Building a new museum in downtown Edmonton resolves these challenges by delivering a larger, more accessible museum, while allowing the existing facility to continue operations as design and construction of the new facility take place. The new facility will offer better environmental protection for museum collections, be more inclusive with animated and engaging public space, integrate exhibition design and give form to the telling of the story of Alberta. After securing and evaluating initial expressions of interest, Alberta Infrastructure, working with the ministry, issued requests for proposals to four exhibit design consulting firms to lead the planning and design exercises needed to manage and design development. The winning design was unveiled for the new Royal Alberta Museum on September 14, 2011.

DID YOU KNOW?

Approximately 111,000 K-12 students participated in over 4,000 education programs at provincial heritage facilities in 2011-12.

In order to further promote Aboriginal heritage, a new audio-visual presentation for the Napi's World exhibit at Head-Smashed-In Buffalo Jump Interpretive Centre was completed and exhibits are being designed. A renewed exhibit is going into production and will incorporate new audio-visual equipment to enhance the visitor

experience. Improvements to the exhibit gallery will provide visitors with a fresh understanding of the historic world of the Blackfoot people of the northwestern prairies.

Aboriginal heritage was further promoted by incorporating input from Onion Lake First Nation and Frog Lake First Nation for interpretive panels at Frog Lake Historic Site. Major onsite work, such as a walking trail, signage foundations and some natural landscaping, was also completed. The new interpretive material provides a more balanced recounting of the historic events of 1885, which will further enrich Albertans' understanding of First Nations in the province.

A draft Turner Valley Gas Plant Site Conservation Plan and a business case supporting the site's capital development were completed. In partnership with the Ministry of Infrastructure, planning commenced on the restoration of the site's laboratory and office building, and preparation began on utilities requirements, the garage and visitor centre, shop and classroom and other site improvements. The protection and presentation of this industrial historic site, the cradle of Alberta's oil and gas industry, will foster a greater appreciation of those involved on the frontier of developing Alberta's energy resources.

The first phase of the Energy Resources Heritage Website was completed, which included conceptual development, planning and research. Emphasis was placed on the history of Bitumount for an online exhibit for the Oil Sands Discovery Centre. These initiatives will explore how energy resources shaped the province and people of Alberta.

To increase the sustainability of the heritage sector in rural Alberta, an online survey conducted in the spring of 2011 identified a series of museums that are ready to develop a formal program focusing on archival records in their collections. This is the first in a multi-step process that will benefit Albertans by building rural museums' awareness of the Archives Society of Alberta's advisory services, promoting better preservation of archival materials and enhancing overall access to the province's documentary heritage.

Heritage advisory bodies in 17 rural and urban municipalities received training through the Municipal Heritage Partnership Program. Eighty stakeholders attended the fifth annual Municipal Heritage Forum held on October 27 and 28. The event is intended for municipal staff, councillors and heritage committee members interested in learning how to identify and protect historic places. These activities strengthened the capacity of Alberta's municipalities to identify and manage their historic places – an essential component of vibrant communities.

DID YOU KNOW?

Alberta celebrated several heritage milestones and anniversaries this past year:

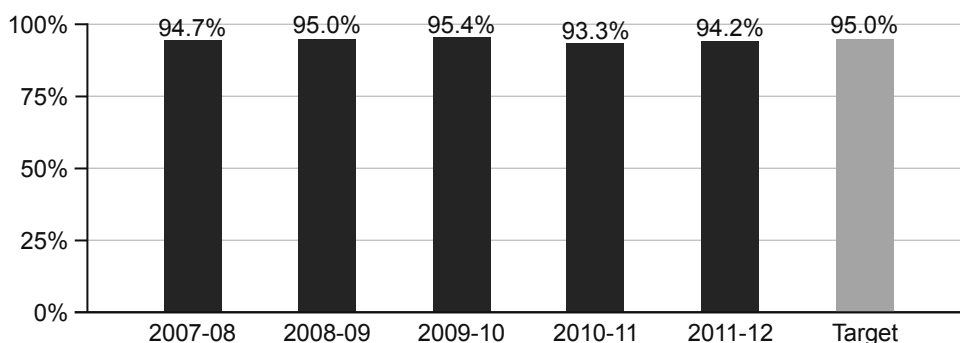
- 150th anniversary of the Father Lacombe Chapel Provincial Historic Site – Built in 1861 by Father Albert Lacombe and the Métis community, the chapel is Alberta's oldest surviving building.
- 120 years of Ukrainian settlement in east-central Alberta – On August 7, the Ukrainian Cultural Heritage Village celebrated over a century of settlement.
- 100th anniversary of Rutherford House – This celebration included a variety of events that took place throughout the year.

DID YOU KNOW?

The Provincial Archives of Alberta has an online store at www.culture.alberta.ca/paa/store/.

Performance Measures

3.a Percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta



Source: Culture and Community Services Survey of Albertans on Culture

Description

This measure indicates the percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta. The examples used for historical resources are museums, archives, historical sites and interpretive centres.

Results

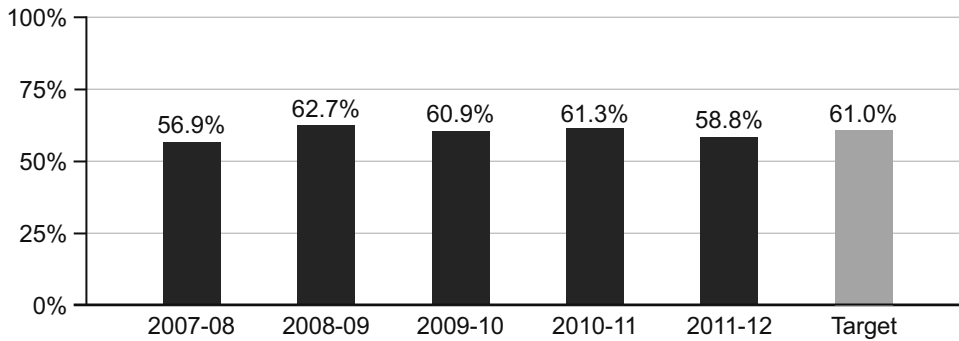
The result of 94.2 per cent was 0.8 per cent less than the 2011-12 target of 95.0 per cent, but remains exceptionally high.

Analysis

Promotion of heritage events and activities may influence Albertans' perception of the importance of historical resources to their overall quality of life. When asked about the potential benefits of Alberta's historical resources and heritage facilities, Albertans responded that the opportunity for education and lifelong learning experiences was important to them (97.7 per cent) and that the preservation of historical resources was important (96.3 per cent), as well as the opportunity for recreation (95.7 per cent).

The ministry continued to raise awareness of Alberta's historical resources by continuing to offer free admission and activities at Alberta provincial museums and historical sites during Family Day and Alberta Arts Days events, where Albertans could meet museum curators and scientists. Education programs and online access to museums and historical sites could also contribute to results.

3.b Percentage of adult Albertans who visited a heritage facility in Alberta



Source: Culture and Community Services Survey of Albertans on Culture

Description

This measure provides an indication of how many Albertans visited a heritage facility in Alberta in the past year. The heritage facilities included in this measure are not limited to those operated by the ministry.

Results

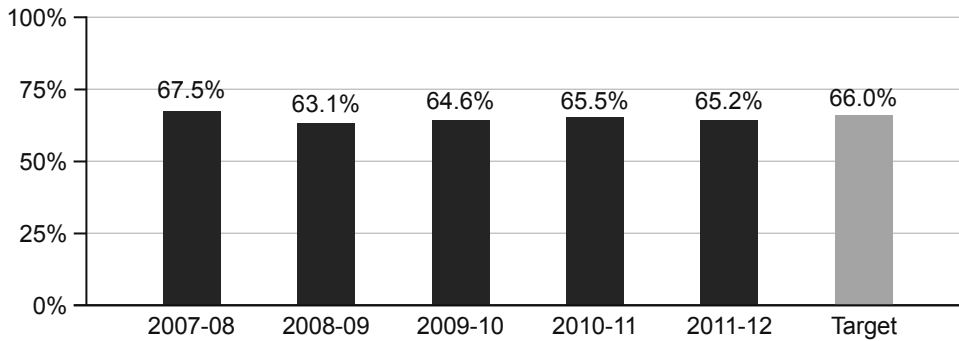
The result of 58.8 per cent was 2.2 per cent less than the 2011-12 target of 61.0 per cent, but remains consistent with results from previous years.

Analysis

When asked about the reasons for their visit, 42.2 per cent of Albertans responded it was out of curiosity and pleasure, 29.1 per cent for educational purposes, 24.8 per cent indicated they had a special interest in history and 23.5 per cent indicated it provided a good family activity and an opportunity to show their children Alberta's heritage.

Albertans' visitation to heritage facilities is influenced by many factors, including the condition and types of events and exhibits at facilities, other available entertainment or educational opportunities, and Albertans' disposable income. Despite the post-recession climate, more than 780,000 people visited the provincially operated heritage facilities in 2011-12, indicating the importance of these facilities to Albertans. Creative advertising, social media, renewed exhibits, new programs and free admission to special events encourage people to visit the ministry's heritage facilities.

3.c Percentage of adult Albertans who agree that overall historical resources are being adequately protected and preserved in Alberta communities



Source: Culture and Community Services Survey of Albertans on Culture

Description

This measure assesses how well Albertans perceive the province's historical resources are being preserved and protected in Alberta. Albertans were asked to think about the government's role as the steward and custodian of historical resources, particularly with respect to historical buildings and archaeological and fossil resources.

Results

The result of 65.2 per cent was 0.8 per cent less than the 2011-12 target of 66.0 per cent, but remains consistent with previous years' results.

Analysis

When asked about the potential benefits of Alberta's historical resources and heritage facilities, 96.3 per cent of Albertans indicated that the preservation of historical resources was important to them. The preservation and protection activities carried out by the ministry contributed to a positive impact on public perception. For example, in 2011-12 there were eight new provincial historic resource designations in the province. Other examples include the discovery and collection of an ankylosaur (i.e., armoured dinosaur) at the Suncor oilsands mine near Fort McMurray and the discovery of a large mosasaur (i.e., marine reptile) from the Korite ammonite shell mine near Lethbridge, which were both widely publicized in the media.

Financial Summary

Revenue Highlights (millions of dollars)

	2012 Budget	2012 Actual	2011 Actual (restated)*
Internal Government Transfers	\$0.1	\$0.1	\$0.1
Transfers from the Government of Canada	\$0.1	\$17.0	\$20.9
Investment Income	\$1.6	\$0.5	\$0.4
Premiums, Fees and Licences	\$4.9	\$4.7	\$4.6
Other Revenue	\$13.4	\$16.6	\$10.7
Total Revenue	\$20.1	\$38.9	\$36.7

* Please see details in the ministry's Consolidated Financial Statements.

Revenues increased \$2.2 million from the prior year and totalled \$38.9 million in 2011-12.

Internal Government Transfers from the Alberta Heritage Scholarship Fund in the amount of \$0.1 million were funding for the Queen's Golden Jubilee Programs.

The primary source of revenue consists of transfers from the Government of Canada in the amount of \$17.0 million, a decrease of \$3.9 million from the previous year. These transfers included \$10 million in funding from the Government of Canada's Infrastructure Stimulus Fund for the Canada Sports Hall of Fame, GO Community Centre and the Citadel Theatre. In addition, \$7 million in Canada-Alberta Provincial Territorial Base Funding was received for Fort Calgary and the Ukrainian Canadian Archives and Museum.

Investment Income in the ministry's funds and agencies amounted to \$0.5 million, up slightly from 2010-11.

Premiums, Fees and Licences include film classification fees and admission fees to heritage sites amounted to \$4.7 million in 2011-12, up slightly from 2010-11.

Other Revenue totalled \$16.6 million, an increase of \$5.9 million from the previous year. Other Revenue includes donations, sales, rental revenues from the Northern and Southern Jubilee Auditoria, refunds of expenses, in-kind contributions and other miscellaneous revenues. Higher revenues from the previous year included an increase of \$2.3 million in contributions in-kind due to a change in the valuation method for donations received, a \$2 million increase in refunds of expenses due to a higher than usual return of unused grants and a \$1.6 million increase in sales and other revenue.

Expense Highlights (millions of dollars)

	2012 Budget	2012 Actual	2011 Actual (restated)*
Arts and Cultural Industries	\$57.9	\$54.1	\$52.3
Community and Voluntary Support Services	\$103.1	\$127.3	\$144.9
Heritage	\$46.7	\$48.7	\$45.9
Ministry Support Services	\$9.7	\$8.0	\$7.8
Total Expenses	\$217.4	\$238.1	\$250.9

* Please see details in the ministry's Consolidated Financial Statements.

Expenses decreased by \$12.8 million from the prior year and totalled \$238.1 million.

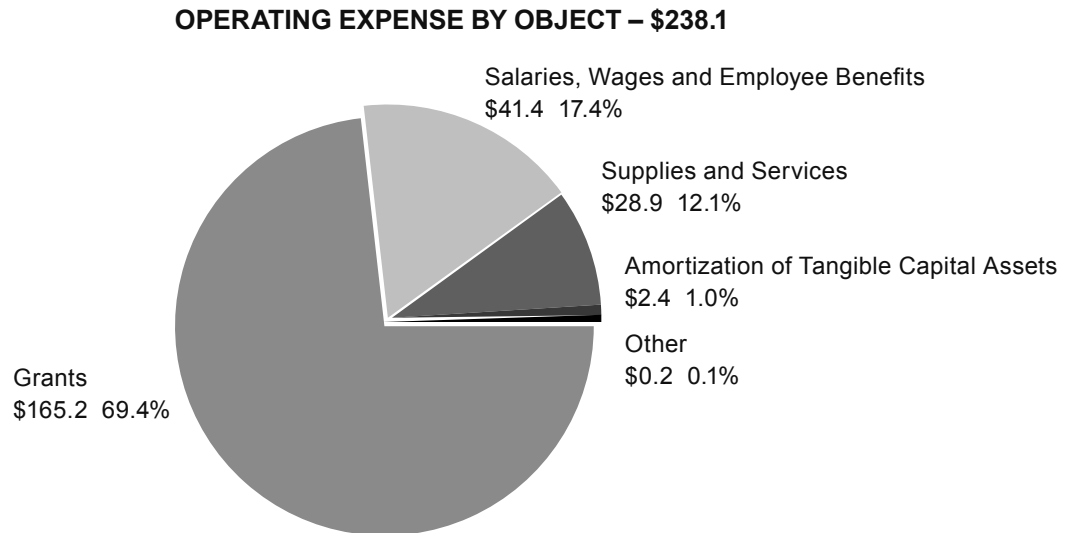
Funding of over \$54 million was provided for cultural industries, including \$15.8 million for the Alberta Multimedia Development Fund; \$1.7 million in grants to support book publishing, magazine publishing and sound recording; over \$0.6 million for the Alberta Film Commission; \$28.3 million for the Alberta Foundation for the Arts; and \$5.1 million to support the Northern and Southern Alberta Jubilee Auditoria.

Over 53 per cent or \$127.3 million of total spending was used in support of the nonprofit/voluntary sector through various community grants and voluntary services programs, including: almost \$40 million for the Community Facility Enhancement Program to build, purchase, repair and improve community-use facilities; over \$22 million for the Community Initiatives Program to support community project-based initiatives, to provide operating grants to community organizations and to support worthy international development projects; \$15.5 million for the Community Spirit Program Donation Grant to assist nonprofit and charitable organizations in their operations, programs or capital projects; and more than \$13 million was used in support of worthy projects including \$5 million for Decidedly Jazz Danceworks, \$3 million for Telus World of Science Edmonton and \$1 million for Easter Seals Horizon Camp. In addition, approximately \$27 million was provided towards one-time capital projects in collaboration with the Government of Canada, including the Mount Royal Conservatory of Music, the Canadian Sports Hall of Fame, GO Community Centre, Fort Calgary, Ukrainian Canadian Archives and Museum and Citadel Theatre.

Funding of \$48.7 million was utilized to support Alberta's network of historic sites and museums, including the Royal Alberta Museum and Royal Tyrrell Museum of Palaeontology. This funding also supported heritage preservation and conservation programs, including \$8.9 million provided through The Alberta Historical Resources Foundation.

The remaining \$8 million, or 3.4 per cent of total expenses, was used to address general support and other services to manage overall ministry operations.

Ministry Operating Expense by Object (millions of dollars)



The ministry's greatest operating expense was grants, where 69.4 per cent of the budget is directed. In 2011-12, approximately \$165.2 million was provided to support individuals, organizations and communities. Expenditures for salaries, wages and employee benefits totalled \$41.4 million and were primarily to manage heritage facilities, support community groups and administer grant programs. The remainder of the ministry's expenses were for supplies and services (\$28.9 million), amortization of capital assets (\$2.4 million) and other expenses (\$0.2 million).

Ministry Expense by Function (millions of dollars)

	2012 Budget	2012 Actual	2011 Actual (restated)*
Agriculture, Resource Management and Economic Development	\$20.8	\$18.2	\$18.2
Protection of Persons and Property	\$0.9	-	\$1.0
Recreation and Culture	\$195.7	\$219.9	\$231.7
Total Expense by Function	\$217.4	\$238.1	\$250.9

* Please see details in the ministry's Consolidated Financial Statements.

Expense by function identifies the principal purpose for which an expense is incurred rather than the activity involved. The basis of reporting is used for inter-provincial comparisons and for determining federal funding eligibility.

The function Agriculture, Resource Management and Economic Development includes expenses related to the development and promotion of agriculture and other sectors of the economy, such as cultural industries. The function Protection of Persons and Property includes expenses for services provided specifically to ensure public interest objectives are achieved. The function Recreation and Culture includes expenses incurred in the delivery of programs and services to promote leisure activities.

Financial Information

INDEX OF FINANCIAL STATEMENTS

Ministry of Culture and Community Services	33
Department of Culture and Community Services	61
Alberta Foundation for the Arts	91
The Alberta Historical Resources Foundation	107
The Government House Foundation	123
Historic Resources Fund	137
The Wild Rose Foundation	155

Ministry of Culture and Community Services

Consolidated Financial Statements

March 31, 2012

**Ministry of Culture and Community Services
Consolidated Financial Statements
March 31, 2012**

Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery Initiatives

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Budget

Schedule 5 – Related Party Transactions

Schedule 6 – Allocated Costs

Schedule 7 – Tangible Capital Assets

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Culture and Community Services, which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Culture and Community Services as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

Ministry of Culture and Community Services
Consolidated Statement of Operations
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget (Schedule 4)	Actual	Actual Restated (Note 2 (d) and Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	\$ 80	\$ 60	\$ 60
Transfers from the Government of Canada	83	17,088	20,890
Investment Income	1,590	464	410
Premiums, Fees and Licences	4,893	4,704	4,676
Other Revenue	13,484	16,651	10,712
	20,130	38,967	36,748
Expenses – Directly Incurred (Note 2(c) and Schedules 3 and 6)			
Cultural Industries	57,889	54,135	52,313
Community and Voluntary Support Services	103,134	127,283	144,873
Heritage	46,694	48,738	45,900
Ministry Support Services	9,696	7,965	7,840
	217,413	238,121	250,926
Net Operating Results	\$ (197,283)	\$ (199,154)	\$ (214,178)

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture and Community Services
Consolidated Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
		Restated (Note 2 (d) and Note 3)
Assets		
Cash (Note 4)	\$ 28,789	\$ 17,747
Accounts Receivable, Prepaid Expenses and Inventories (Note 5)	5,301	10,245
Cash Appropriated for Non-Current Use (Note 4)	-	7,017
Tangible Capital Assets (Schedule 7)	16,334	16,987
	\$ 50,424	\$ 51,996
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 75,312	\$ 76,390
Unearned Revenue	351	373
Deferred Contributions	679	624
	76,342	77,387
Net Assets (Liabilities)		
Net Assets (Liabilities) at Beginning of Year	(25,391)	(38,158)
Net Operating Results	(199,154)	(214,178)
Net Financing Provided from General Revenues	198,627	226,945
Net Assets (Liabilities) at End of Year (Note 7)	(25,918)	(25,391)
	\$ 50,424	\$ 51,996

Contractual obligations and contingent liabilities (Notes 8 and 9)

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture and Community Services
Consolidated Statement of Cash Flows
Year ended March 31, 2012
(in thousands)

	2012	2011
		Restated (Note 2 (d) and Note 3)
Operating Transactions		
Net Operating Results	\$ (199,154)	\$ (214,178)
Non-cash Items included in Net Operating Results		
Amortization	2,374	2,271
Loss on Disposal of Tangible Capital Assets	162	203
	(196,618)	(211,704)
Decrease (Increase) in Accounts Receivable, Prepaid Expenses and Inventories	4,944	(8,461)
(Decrease) in Accounts Payable and Accrued Liabilities	(1,078)	(5,756)
(Decrease) in Unearned Revenue	(22)	(809)
Increase (Decrease) in Deferred Contributions	55	(27)
Cash (Applied to) Operating Transactions	(192,719)	(226,757)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedule 7)	(2,067)	(2,055)
Proceeds on Disposal of Tangible Capital Assets	3	4
Transfers of Tangible Capital Assets to Others (Schedule 7)	181	553
Cash (Applied to) Capital Transactions	(1,883)	(1,498)
Financing Transactions		
Net Financing Provided from General Revenues	198,627	226,945
Transfer from Cash Appropriated for Non-Current use (Note 7)	7,017	-
Increase (Decrease) in Cash	11,042	(1,310)
Cash at Beginning of Year	17,747	19,057
Cash at End of Year	\$ 28,789	\$ 17,747

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

The Minister of Culture and Community Services has, by the *Government Organization Act* and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Culture and Community Services (the Ministry).

The purpose of the Ministry is to promote, develop and preserve Alberta's culture and heritage in support of vibrant and inclusive communities. This is done by:

- Fostering the sustainability and appreciation of Alberta's cultural industries and the arts;
- Supporting Alberta's communities and the nonprofit/voluntary sector; and
- Promoting and preserving Alberta's rich heritage.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Ministry of Culture and Community Services. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organizations for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

<u>Organization</u>	<u>Authority</u>
Department of Culture and Community Services	<i>Government Organization Act</i>
Alberta Foundation for the Arts	<i>Alberta Foundation for the Arts Act</i>
The Alberta Historical Resources Foundation	<i>Historical Resources Act</i>
The Government House Foundation	<i>Government House Act</i>
Historic Resources Fund	<i>Historical Resources Act</i>
The Wild Rose Foundation	<i>Wild Rose Foundation Act</i>

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing, capital and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recorded as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs, which are the cost of employer contributions for current service of employees during the year; and
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, banked overtime and environmental obligations.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are not recognized and are disclosed in Schedule 5 and allocated to programs in Schedule 6.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Inventory for resale is valued at the lower of cost or net realizable value. Cost is determined on the first in first out basis.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution. Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings and works of art held by the Ministry are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Net Assets (liabilities)

Net assets (liabilities) represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities in the amount of \$7,289 (2011 – \$9,594) for Heritage, based on management’s best estimates that reflect the environmental information known at the time. Further environmental assessments, changes in environmental legislation or other unanticipated changes may affect these estimates.

**Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Change in Accounting Policy
(in thousands)

Externally Restricted Contributions

The Ministry has changed from the fund accounting method for externally restricted contributions to the deferred method of accounting. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

In the comparative figures, restricted contributions related to future periods are treated as liabilities in the Statement of Financial Position. Deferred Contributions have increased by \$624 as at April 1, 2011 (\$651 as at April 1, 2010) and the net assets (liabilities) decreased by \$624 as at April 1, 2011 (\$651 as at April 1, 2010).

Externally restricted contributions that were previously recorded in the Statement of Operations as revenue when received now are recorded as deferred contributions and recognized as revenue when related expenses are incurred. As a result of this accounting policy change, other revenue decreased by \$52 (2011 – increased by \$27).

Lottery Fund Initiatives

The method of funding the eligible initiatives from the lottery and gaming proceeds was changed during the year. Previously, they were funded directly from the Lottery Fund and were included in the Ministry's revenues (\$179,570). However, such proceeds are now deposited into the General Revenue Fund to finance the eligible initiatives. Financial statements for prior years have been restated as if the current arrangement had always existed.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 3 Government Reorganization

(in thousands)

The Ministry of Culture and Community Services was established as a result of restructuring of government ministries announced on October 12, 2011 and other transfer of responsibilities to and from other ministries. Comparatives for 2011 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net assets (liabilities) on March 31, 2010 are made up as follows:

Net assets as previously reported for the Ministry of Culture and Community Spirit	\$ (35,549)
Transfer to the Ministry of Justice	(2,308)
Transfer to the Ministry of Agriculture and Rural Development	350
Change in accounting policy (Note 2(d))	<u>(651)</u>
Net assets (liabilities) at March 31, 2010	<u>\$ (38,158)</u>

Note 4 Cash and Cash Appropriated for Non-Current Use

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3% (2011 – 1.1%) per annum.

Due to the short-term nature of these amounts, the carrying value approximates fair value.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 5 Accounts Receivable, Prepaid Expenses and Inventories
(in thousands)

	2012			2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
				Restated (Note 2 (d) and Note 3)
Accounts Receivable	\$ 4,290	\$ -	\$ 4,290	\$ 9,416
Inventory for Resale	640	-	640	632
Prepaid Expenses	47	-	47	46
Refunds from Suppliers	324	-	324	151
	\$ 5,301	\$ -	\$ 5,301	\$ 10,245

Accounts receivable are unsecured and non-interest bearing.

Note 6 Collections

Collections consist of historical and scientific artifacts, archival holdings and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Ministry has not recorded the value of these collections in the financial statements due to the practical difficulties of reflecting them at a meaningful value. The collection is insured. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Museums Branch, preserves, operates and presents Alberta's history as is represented through three museums, three interpretive centres and nine historic sites that contain 51 restored historical buildings/structures and three stabilized ruins. As well, it administers three additional historic sites which contain 58 undeveloped historical buildings/structures and 10 newly acquired but partially restored buildings. In addition, the Branch owns one developed historic resource (leased to a society), 13 cairns, four archaeological sites and one palaeontological site. The Department owns 1,904 hectares of land deemed to be of historical significance.
- (b) The collections of the Royal Alberta Museum represent Alberta's highly diverse cultural and natural heritage. They include 1,686,000 natural history specimens (e.g., animals, plants and minerals), 141,000 ethnological and historical artifacts, and millions of archaeological objects spanning 10,000 years of Alberta history. The collections include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic and textile collections, and the permitted archaeological materials recovered in Alberta, all with associated documentation and in many cases images and other media.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 6 Collections (continued)

- (c) The Royal Alberta Museum also is responsible for the management of 76,228 artifacts for the Ministry's historic sites. Approximately 5,000 of these objects are used to furnish various smaller sites throughout the province and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (d) The Royal Tyrrell Museum collection has over 130,000 catalogued specimens that document the early history of life on earth. Its collections range from fossils of the first complex organisms to the emergence of humans in Alberta. The collection is continually growing and approximately 2,000 specimens are accessioned annually. The collection also includes geologic samples, a comparative zoology collection and an extensive dinosaur mold and cast collection.
- (e) The Reynolds-Alberta Museum is responsible for 6,430 agricultural, industrial and transportation artifacts. This includes 455 cars, trucks and motorcycles; 361 tractors and engines; 393 agricultural machines; and 467 industrial artifacts. Also included are 99 vintage aircraft, the second largest collection in Canada. The museum houses over 850 linear meters of documents relating to its mechanization themes.
- (f) The Remington Carriage Museum houses one of the largest collections of horse drawn vehicles in North America, with 333 carriages, buggies, wagons and sleighs, and approximately 760 associated small artifacts.
- (g) The Provincial Archives of Alberta holds approximately 43,890 linear metres of government textual records, 5,792 linear metres of private textual records, 67,219 maps, 30,060 architectural drawings, 2,241,779 photographic images, 56,581 hours of sound recordings, 68,771 hours of film and video materials and 13,970 volumes of library holdings.
- (h) The Arts Branch manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.
- (i) The Glenbow-Alberta Institute, under contract to the Province of Alberta, manages the care of, and access to, a publicly owned collection of over 200,000 artifacts in cultural history, military history, ethnology, art and mineralogy, approximately 3.75 shelf kilometres of textual and archival records, over 2,100,000 historical photographs, about 350 hours of film footage and 7,200 sound recordings.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 6 Collections (continued)

- (j) The Government House Foundation actively collects various significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions.

At March 31, 2012, the collection consisted of approximately 485 (2011 – 440) pieces of artworks and other items, with an approximate value of \$1,023,000 (2011 – \$1,019,000). During the year, the Foundation made one purchase of artifacts with a value of \$2,786 (2011 – 4,000). Contributions to the collection included 3 (2011 – 34) artifacts with an appraised value of \$1,350 (2011 – \$24,600) and there were no dispositions during the year (2011 – Nil).

- (k) The Alberta Foundation for the Arts actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints. At March 31, 2012, the collection consisted of approximately 8,393 (2011 – 8,296) pieces of artworks with an approximate value of \$12,807,712 (2011 – \$12,081,911). During the year, the Foundation purchased 71 (2011 - 137) artworks with a value of \$544,109 (2011 - \$513,606). Contributions to the collection included 27 (2011 – 54) artworks with an appraised value of \$183,793 (2011 – \$97,725). There was one artwork disposition during the year (2011 – three).
- (l) The Alberta Historical Resources Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 376 (2011 – 376) artworks with an estimated value of \$16,060 (2011 – \$16,060) and 30 (2011 – 30) antique furnishings estimated at \$12,700 (2011 – \$12,700). During the year, the Foundation did not acquire any historical assets (2011- Nil). There were no dispositions during the year (2011 - Nil).

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 7 Net Assets (liabilities)
(in thousands)

During the year, transfers of \$7,017 from internally restricted reserves and endowments to unrestricted operating funds were authorized.

Net Assets (liabilities) includes the following internally restricted fund balances:

- (a) \$600 (2011 - \$381) in the Historic Resources Fund restricted in use to acquire new provincial historical artifacts from the proceeds of the disposition of deaccessioned provincial collections displayed at the Glenbow-Alberta Institute.
- (b) \$11,567 (2011 - \$9,866) in the Historic Resources Fund restricted in use for the payment of expenses related to the Jubilee Auditoria.
- (c) \$25 (2011 - \$25) in the Alberta Historical Resources Foundation for the Bob Etherington Heritage Trades Scholarship and the Peter Goertzen Fund.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 8 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of these contracts or agreements are met.

	2012	2011
		Restated (Note 3)
Programs - Grant Agreements	\$ 55,389	\$ 53,062
Contracts - Service and Operating Leases	21,234	11,587
Contracts - Capital Construction	-	28
	<u>\$ 76,623</u>	<u>\$ 64,677</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Grants	Contracts - Service and Operating Leases	Total
2012-13	\$ 38,874	\$ 14,665	\$ 53,539
2013-14	15,608	4,396	20,004
2014-15	559	993	1,552
2015-16	308	965	1,273
2016-17	20	211	231
Thereafter	20	4	24
	<u>\$ 55,389</u>	<u>\$ 21,234</u>	<u>\$ 76,623</u>

Note 9 Contingent Liabilities
(in thousands)

At March 31, 2012, the Ministry is a defendant in one legal claim (2011 – two legal claims). The claim has a specified amount totalling \$80 (2011 - \$456). This claim, if successful, is covered by the Alberta Risk Management Fund.

The resulting loss, if any, from this claim cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation in addition to the environmental obligations recorded in the financial statements, which are described in Note 2(c). Due to uncertainty surrounding these circumstances it is not possible to determine the likelihood or amount of these contingent liabilities.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 10 Trust Fund Under Administration
(in thousands)

The Ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purpose of various trusts, it is not included in the Ministry's financial statements.

As at March 31, 2012, a trust fund under administration was as follows:

	2012	2011
Fort Dunvegan Historical Society Trust Fund	\$ <u>3</u>	\$ <u>3</u>

Note 11 Benefit Plans
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$4,311 for the year ended March 31, 2012 (2011 – \$4,694). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2011, the Management Employees Pension Plan reported a deficiency of \$517,726 (2010 – deficiency \$397,087), the Public Service Pension Plan reported a deficiency of \$1,790,383 (2010 – deficiency \$2,067,151) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$53,489 (2010 – deficiency \$39,559).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2012, the Bargaining Unit Plan reported an actuarial surplus of \$9,136 (2011 – deficiency \$4,141) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,454 (2011 – surplus \$7,020). The expense for these two plans is limited to the employer's annual contributions for the year.

Ministry of Culture and Community Services
Notes to the Consolidated Financial Statements
Year ended March 31, 2012

Note 12 Subsequent Event

On May 8, 2012, the government announced cabinet restructuring. As a result, the Ministry of Culture and Community Services was restructured. The Ministry is now named the “Ministry of Culture” and assumed responsibility for the Francophone Secretariat from the Ministry of International, Intergovernmental and Aboriginal Relations.

Note 13 Comparative Figures

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

Note 14 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Revenues
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 2 (d) and Note 3)
Internal Government Transfers			
Transfer from the Alberta Heritage Scholarship Fund	\$ 80	\$ 60	\$ 60
Transfers from the Government of Canada			
Infrastructure Stimulus Fund	-	9,963	20,569
Provincial – Territorial Base Funding Program	-	7,125	-
Other	83	-	321
	83	17,088	20,890
Investment Income			
Interest	1,590	464	410
Premiums, Fees and Licences			
Admission Fees	3,625	4,035	3,915
Film Classification	750	521	617
Lands and Grazing	-	19	16
Other	518	129	128
	4,893	4,704	4,676
Other Revenue			
Sales	4,016	5,016	4,008
Rental Revenue	3,285	3,953	3,101
Recoveries	3,549	1,174	1,640
Donations and Contributions in Kind	1,621	3,163	827
Prior Year Refunds of Expenses	500	2,490	439
Other	513	855	697
	13,484	16,651	10,712
Total Revenues	\$ 20,130	\$ 38,967	\$ 36,748

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Credit or Recovery Initiatives
Year ended March 31, 2012
(in thousands)

	2012		
	Authorized	Actual ^(a)	(Shortfall) / Excess ^(d)
Acquisition of Historical Collections ^(b)	\$ 3,000	\$ 2,891	\$ (109)
Royal Alberta Museum ^(c)	680	597	(83)
	<u>\$ 3,680</u>	<u>\$ 3,488</u>	<u>\$ (192)</u>

- ^(a) Revenues from credit or recovery initiatives are included in the Ministry's revenues in the Statement of Operations and Schedule 1.
- ^(b) Acquisition of Historical Collections is related to donations of artifacts and other items to various historic sites and museums.
- ^(c) Funding to the Royal Alberta Museum is provided for the Alberta Biodiversity Monitoring Program.
- ^(d) Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 4 to the financial statements.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Expenses – Directly Incurred Detailed By Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 2 (d) and Note 3)
Grants	\$ 140,880	\$ 165,218	\$ 180,306
Salaries, Wages and Employee Benefits	42,772	41,456	42,116
Supplies and Services	30,837	28,874	25,904
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	1,337	1,369	1,498
Financial Transactions and Other	102	355	390
Amortization of Tangible Capital Assets	2,993	2,374	2,271
Total Expenses before Recoveries	218,921	239,646	252,485
Less: Recovery from Support Service Arrangements with Related Parties ^(b)	(1,508)	(1,525)	(1,559)
	<u>\$ 217,413</u>	<u>\$ 238,121</u>	<u>\$ 250,926</u>

^(a) The Ministry receives Freedom of Information and Privacy services from the Ministry of Finance and Information Management and Technology Services from the Ministry of Tourism, Parks and Recreation.

^(b) The Ministry provides Human Resource Services and Policy, Planning and Legislative Services to the Ministry of Tourism, Parks and Recreation, and costs incurred by the Ministry for these services are recovered from the Ministry of Tourism, Parks and Recreation.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Budget
Year ended March 31, 2012
(in thousands)

	2011-2012				
	Estimates	Adjustments ^(a)	Budget	Authorized ^{(b)(c)} Supplementary	Authorized Budget
Revenues					
Internal Government Transfers	\$ 80	\$ -	\$ 80	\$ -	\$ 80
Transfers from the Government of Canada	83	-	83	17,183	17,266
Investment Income	1,590	-	1,590	-	1,590
Premiums, Fees and Licences	4,893	-	4,893	-	4,893
Other Revenue	13,484	1,988	15,472	-	15,472
	<u>20,130</u>	<u>1,988</u>	<u>22,118</u>	<u>17,183</u>	<u>39,301</u>
Expenses – Directly Incurred					
Cultural Industries	57,889	-	57,889	-	57,889
Community and Voluntary Support Services	103,134	-	103,134	20,683	123,817
Heritage	46,694	2,180	48,874	1,034	49,908
Ministry Support Services	9,696	-	9,696	-	9,696
Credit or Recovery Shortfall (Schedule 2)	-	(192)	(192)	-	(192)
	<u>217,413</u>	<u>1,988</u>	<u>219,401</u>	<u>21,717</u>	<u>241,118</u>
Net Operating Results	<u>\$ (197,283)</u>	<u>\$ -</u>	<u>\$ (197,283)</u>	<u>\$ (4,534)</u>	<u>\$ (201,817)</u>
Capital Investment	<u>\$ 3,165</u>	<u>\$ -</u>	<u>\$ 3,165</u>	<u>\$ (916)</u>	<u>\$ 2,249</u>
Non-Budgetary Disbursements	<u>\$ 3,837</u>	<u>\$ -</u>	<u>\$ 3,837</u>	<u>\$ -</u>	<u>\$ 3,837</u>

- (a) Adjustments include credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.
- (b) Supplementary Estimates of \$20,683 were approved on December 1, 2012.
- (c) Treasury Board approved a transfer of \$118 for emerging capital purposes from Alberta Infrastructure and approved a transfer of \$916 from the capital investment vote to the expense vote within Element 4.9 pursuant to section 5 of the *Appropriation Act, 2011*.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the consolidated Statement of Operations and the consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	<u>2012</u>	<u>2011</u> Restated (Note 2 (d) and Note 3)
Revenues		
Alberta Heritage Scholarship Fund	\$ 60	\$ 60
Other Revenue	8	-
	<u>\$ 68</u>	<u>\$ 60</u>
Expenses – Directly Incurred		
Grants	\$ 3,787	\$ 14,183
Other Services	1,999	2,058
	<u>\$ 5,786</u>	<u>\$ 16,241</u>
Transfers of Tangible Capital Assets (Out)	<u>\$ (181)</u>	<u>\$ (553)</u>
Payable to	<u>\$ 2,739</u>	<u>\$ 248</u>
Receivable from	<u>\$ 152</u>	<u>\$ 318</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements but are disclosed in Schedule 6.

	2012	2011
		Restated (Note 2 (d) and Note 3)
Expenses – Incurred by Others		
Accommodation	\$ 38,186	\$ 35,377
GOA Learning Centre	17	39
Legal Services	149	174
Internal Audit	207	176
Financial Services	469	478
Transportation Services	66	61
Information Technology Services	1,411	1,435
	\$ 40,505	\$ 37,740

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)

Program	2012										2011
	Expenses ^(a)	Accommodation ^(b)	GOA Learning Centre ^(c)	Legal Services ^(d)	Internal Audit ^(e)	Financial Services ^(f)	Transportation Services ^(g)	Information Technology Services ^(h)	Total Expenses	Total Expenses	Restated (Note 2 (d) and Note 3)
Cultural Industries	\$ 54,135	\$ 8,897	\$ 2	\$ 11	\$ 34	\$ 52	\$ 7	\$ 156	\$ 63,294	\$ 61,641	
Community and Voluntary Support Services	127,283	864	3	22	35	85	12	256	128,560	146,031	
Heritage	48,738	28,116	10	82	138	275	39	826	78,224	72,484	
Ministry Support Services	7,965	309	2	34	-	57	8	173	8,548	8,510	
	<u>\$ 238,121</u>	<u>\$ 38,186</u>	<u>\$ 17</u>	<u>\$ 149</u>	<u>\$ 207</u>	<u>\$ 469</u>	<u>\$ 66</u>	<u>\$ 1,411</u>	<u>\$ 278,626</u>	<u>\$ 288,666</u>	

^(a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

^(b) The Ministry of Infrastructure provided accommodations. Costs shown for Accommodation on Schedule 5, allocated by square footage.

^(c) The Ministry of Treasury Board and Enterprise provided training. Costs shown for Government of Alberta Learning Centre on Schedule 5, allocated by full time equivalent.

^(d) The Ministry of Justice provided legal services. Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

^(e) The Ministry of Treasury Board and Enterprise provided internal audit services. Costs shown for Internal Audit on Schedule 5, allocated by estimated costs incurred by each program.

^(f) The Ministry of Service Alberta provided financial services to the Ministry. Costs shown for Financial Services on Schedule 5, allocated to the program by full time equivalent.

^(g) The Ministry of Service Alberta and Department of Treasury Board and Enterprise provided transportation services. Costs shown for Transportation Services on Schedule 5, allocated to the program by full time equivalent.

^(h) The Ministry of Service Alberta provided information technology services. Costs shown for Information Technology Services on Schedule 5, allocated to the program by full time equivalent.

Ministry of Culture and Community Services
Schedule to the Consolidated Financial Statements
Tangible Capital Assets
Year ended March 31, 2012
(in thousands)

	2012							2011
	General Capital Assets			Infrastructure Assets				
	Equipment ^(a)	Computer Hardware and Software	Land	Buildings	Land Improvements	Total	Total Restated (Note 3)	
	3-10 years	5-8 years	Indefinite	20-40 years	40 years			
Estimated Useful Life Historical Cost ^(b)								
Beginning of Year	\$ 19,823	\$ 4,560	\$ 2,453	\$ 131	\$ 1,596	\$ 28,563	\$ 27,360	
Additions	1,241	638	-	-	188	2,067	2,055	
Disposals, Including Write-Downs	(433)	(96)	-	(51)	-	(580)	(289)	
Transfers to Others ^(c)	-	(104)	-	(80)	-	(184)	(563)	
	<u>\$ 20,631</u>	<u>\$ 4,998</u>	<u>\$ 2,453</u>	<u>\$ -</u>	<u>\$ 1,784</u>	<u>\$ 29,866</u>	<u>\$ 28,563</u>	
Accumulated Amortization								
Beginning of Year	\$ 9,815	\$ 1,563	\$ -	\$ 54	\$ 144	\$ 11,576	\$ 9,397	
Amortization Expense	1,772	559	-	-	43	2,374	2,271	
Effect of Disposal	(354)	(10)	-	(51)	-	(415)	(82)	
Transfers to Others ^(c)	-	-	-	(3)	-	(3)	(10)	
	<u>\$ 11,233</u>	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 13,532</u>	<u>\$ 11,576</u>	
Net Book Value at March 31, 2012	<u>\$ 9,398</u>	<u>\$ 2,886</u>	<u>\$ 2,453</u>	<u>\$ -</u>	<u>\$ 1,597</u>	<u>\$ 16,334</u>		
Net Book Value at March 31, 2011	<u>\$ 10,008</u>	<u>\$ 2,997</u>	<u>\$ 2,453</u>	<u>\$ 77</u>	<u>\$ 1,452</u>	<u>\$ 16,987</u>	<u>\$ 16,987</u>	

^(a) Equipment includes heritage markers, network switches and routers, vehicles, office equipment and furniture, and other equipment.

^(b) Historical cost includes work-in-progress at March 31, 2012 totalling \$1,910 (2011 - \$1,644) comprised of: equipment \$760 (2011 - \$575); computer hardware and software \$573 (2011 - \$604); buildings Nil (2011 - \$60); and land improvements \$577 (2011 - \$405).

^(c) Transfer of computer hardware and software was made to Alberta Tourism, Parks and Recreation at a net book value of \$104 and transfers of buildings were made to Alberta Infrastructure at a net book value of \$77.

Department of Culture and Community Services

Financial Statements

March 31, 2012

**Department of Culture and Community Services
Financial Statements
March 31, 2012**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Budget

Schedule 5 – Comparison of Directly Incurred Expenses, Capital Investment and Non-Budgetary Disbursements by Element to Authorized Spending

Schedule 6 – Lottery Fund Estimates

Schedule 7 – Salary and Benefits Disclosure

Schedule 8 – Related Party Transactions

Schedule 9 – Allocated Costs

Schedule 10 – Tangible Capital Assets

Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Culture and Community Services, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Culture and Community Services as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

Department of Culture and Community Services
Statement of Operations
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget (Schedule 4)	Actual	Actual Restated (Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	\$ 80	\$ 60	\$ 60
Transfers from the Government of Canada	-	17,088	20,869
Premiums, Fees and Licences	750	521	618
Other Revenue	1,920	5,854	1,295
	2,750	23,523	22,842
Expenses – Directly Incurred (Note 2(b) and Schedule 3, 5 and 9)			
Ministry Support Services	9,696	7,965	7,840
Cultural Industries	50,368	48,632	47,131
Community and Voluntary Support Services	102,551	126,791	144,336
Heritage	37,084	39,443	37,634
	199,699	222,831	236,941
Net Operating Results	\$ (196,949)	\$ (199,308)	\$ (214,099)

The accompanying notes and schedules are part of these financial statements.

Department of Culture and Community Services
Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
		Restated (Note 3)
Assets		
Cash	\$ 22	\$ 29
Accounts Receivable (Note 4)	4,036	8,895
Tangible Capital Assets (Schedule 10)	12,661	12,934
	\$ 16,719	\$ 21,858
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 71,213	\$ 75,671
	71,213	75,671
Net Assets (Liabilities)		
Net Assets (Liabilities) at Beginning of Year	(53,813)	(66,659)
Net Operating Results	(199,308)	(214,099)
Net Financing Provided from General Revenues	198,627	226,945
Net Assets (Liabilities) at End of Year	(54,494)	(53,813)
	\$ 16,719	\$ 21,858

Contractual obligations and contingent liabilities (Notes 6 and 7)

The accompanying notes and schedules are part of these financial statements.

Department of Culture and Community Services
Statement of Cash Flows
Year ended March 31, 2012
(in thousands)

	2012	2011
		Restated (Note 3)
Operating Transactions		
Net Operating Results	\$ (199,308)	\$ (214,099)
Non-cash Items included in Net Operating Results		
Amortization	1,471	1,348
Loss on Disposal of Tangible Capital Assets	148	195
	(197,689)	(212,556)
Decrease (Increase) in Accounts Receivable	4,859	(8,196)
(Decrease) in Accounts Payable and Accrued Liabilities	(4,458)	(4,177)
(Decrease) in Unearned Revenue	-	(880)
Cash (Applied to) Operating Transactions	(197,288)	(225,809)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedules 5 and 10)	(1,527)	(1,686)
Proceeds on Disposal of Tangible Capital Assets	-	4
Transfers of Tangible Capital Assets to Others (Schedule 10)	181	553
Cash (Applied to) Capital Transactions	(1,346)	(1,129)
Financing Transactions		
Net Financing Provided from General Revenues	198,627	226,945
Decrease in Cash	(7)	7
Cash at Beginning of Year	29	22
Cash at End of Year	\$ 22	\$ 29

The accompanying notes and schedules are part of these financial statements.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

The Department of Culture and Community Services (Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to promote, develop and preserve Alberta's culture and heritage in support of vibrant and inclusive communities. This is done by:

- Fostering the sustainability and appreciation of Alberta's culture industries and the arts;
- Supporting Alberta's communities and the nonprofit/voluntary sector; and
- Promoting and preserving Alberta's rich heritage.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Department of Culture and Community Services, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (the Minister) is accountable.

Other entities reporting to the Minister are:

- Alberta Foundation for the Arts;
- The Alberta Historical Resources Foundation;
- The Government House Foundation;
- Historic Resources Fund; and
- The Wild Rose Foundation.

The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses on the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which are the cost of employer contributions for current service of employees during the year; and
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, banked overtime and environmental obligations.

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution. Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings and works of art held by the Department are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Net Assets (liabilities)

Net assets (liabilities) represent the difference between the carrying value of assets held by the Department and its liabilities.

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities in the amount of \$7,289 (2011 – \$9,594) for Heritage, based on management’s best estimates that reflect the environmental information known at the time. Further environmental assessments, changes in environmental legislation or other unanticipated changes may affect these estimates.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 3 Government Reorganization
(in thousands)

The Department of Culture and Community Services was established as a result of restructuring of government ministries announced on October 12, 2011 and other transfer of responsibilities to and from other departments. Comparatives for 2011 have been restated as if the Department had always been assigned with its current responsibilities.

Net assets (liabilities) on March 31, 2010 are made up as follows:

Net assets as previously reported for the Department of Culture and Community Spirit	\$ (67,814)
Transfer to the Ministry of Justice	805
Transfer to the Ministry of Agriculture and Rural Development	<u>350</u>
 Net assets at March 31, 2010	 <u><u>\$ (66,659)</u></u>

Lottery Fund Initiatives

The method of funding the eligible initiatives from the lottery and gaming proceeds was changed during the year. Previously, they were funded directly from the Lottery Fund and were included in the department's revenues (\$179,570). However, such proceeds are now deposited into the General Revenue Fund to finance the eligible initiatives. Financial statements for prior years have been restated as if the current arrangement had always existed. Schedule 6, provides a comparison of estimates and actual expenses for Lottery Fund initiatives.

Note 4 Accounts Receivable
(in thousands)

	2012		2011	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Restated (Note 3) Net Realizable Value
Accounts Receivable	\$ 4,036	\$ -	\$ 4,036	\$ 8,895

Accounts receivable are unsecured and non-interest bearing.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 5 Collections

Collections consist of historical and scientific artifacts, archival holdings and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Department has not recorded the value of these collections in the financial statements due to the practical difficulties of reflecting them at a meaningful value. The collection is insured. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Museums Branch, preserves, operates and presents Alberta's history as is represented through three museums, three interpretive centres and nine historic sites that contain 51 restored historical buildings/structures and three stabilized ruins. As well, it administers three additional historic sites which contain 58 undeveloped historical buildings/structures and 10 newly acquired but partially restored buildings. In addition, the Branch owns one developed historic resource (leased to a society), 13 cairns, four archaeological sites and one palaeontological site. The Department owns 1,904 hectares of land deemed to be of historical significance.
- (b) The collections of the Royal Alberta Museum represent Alberta's highly diverse cultural and natural heritage. They include 1,686,000 natural history specimens (e.g., animals, plants and minerals), 141,000 ethnological and historical artifacts, and millions of archaeological objects spanning 10,000 years of Alberta history. The collections include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic and textile collections, and the permitted archaeological materials recovered in Alberta, all with associated documentation and in many cases images and other media.
- (c) The Royal Alberta Museum also is responsible for the management of 76,228 artifacts for the Ministry's historic sites. Approximately 5,000 of these objects are used to furnish various smaller sites throughout the province and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (d) The Royal Tyrrell Museum collection has over 130,000 catalogued specimens that document the early history of life on earth. Its collections range from fossils of the first complex organisms to the emergence of humans in Alberta. The collection is continually growing and approximately 2,000 specimens are accessioned annually. The collection also includes geologic samples, a comparative zoology collection and an extensive dinosaur mold and cast collection.
- (e) The Reynolds-Alberta Museum is responsible for 6,430 agricultural, industrial and transportation artifacts. This includes 455 cars, trucks and motorcycles; 361 tractors and engines; 393 agricultural machines; and 467 industrial artifacts. Also included are 99 vintage aircraft, the second largest collection in Canada. The museum houses over 850 linear meters of documents relating to its mechanization themes.
- (f) The Remington Carriage Museum houses one of the largest collections of horse drawn vehicles in North America, with 333 carriages, buggies, wagons and sleighs, and approximately 760 associated small artifacts.

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 5 Collections (continued)

- (g) The Provincial Archives of Alberta holds approximately 43,890 linear metres of government textual records, 5,792 linear metres of private textual records, 67,219 maps, 30,060 architectural drawings, 2,241,779 photographic images, 56,581 hours of sound recordings, 68,771 hours of film and video materials and 13,970 volumes of library holdings.
- (h) The Arts Branch manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.
- (i) The Glenbow-Alberta Institute, under contract to the Province of Alberta, manages the care of, and access to, a publicly owned collection of over 200,000 artifacts in cultural history, military history, ethnology, art and mineralogy, approximately 3.75 shelf kilometres of textual and archival records, over 2,100,000 historical photographs, about 350 hours of film footage and 7,200 sound recordings.

Note 6 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Programs - Grant Agreements	\$ 51,342	\$ 48,725
Contracts - Service	6,269	4,161
Contracts - Capital Construction	-	28
	<u>\$ 57,611</u>	<u>\$ 52,914</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Grants	Contracts - Service	Total
2012-13	\$ 35,719	\$ 4,049	\$ 39,768
2013-14	15,073	779	15,852
2014-15	400	698	1,098
2015-16	150	685	835
2016-17	-	58	58
Thereafter	-	-	-
	<u>\$ 51,342</u>	<u>\$ 6,269</u>	<u>\$ 57,611</u>

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 7 Contingent Liabilities
(in thousands)

At March 31, 2012, the Department is a defendant in one legal claim (2011 – two legal claims). The claim has a specified amount totalling \$80 (2011 – \$456). This claim, if successful, is covered by the Alberta Risk Management Fund.

The resulting loss, if any, from this claim cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation in addition to the environment obligations recorded in the financial statements, which are described in Note 2(b). Due to uncertainty surrounding these circumstances it is not possible to determine the likelihood or amount of these contingent liabilities.

Note 8 Trust Fund Under Administration
(in thousands)

The Department administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes of a trust, it is not included in the Department's financial statements.

As at March 31, 2012, a trust fund under administration was as follows:

	2012	2011
Fort Dunvegan Historical Society Trust Fund	\$ 3	\$ 3

Department of Culture and Community Services
Notes to the Financial Statements
Year ended March 31, 2012

Note 9 Benefit Plans
(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$4,311 for the year ended March 31, 2012 (2011 – \$4,694). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2011, the Management Employees Pension Plan reported a deficiency of \$517,726 (2010 – deficiency \$397,087), the Public Service Pension Plan reported a deficiency of \$1,790,383 (2010 – deficiency \$2,067,151) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$53,489 (2010 – deficiency \$39,559).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2012, the Bargaining Unit Plan reported an actuarial surplus of \$9,136 (2011 – deficiency \$4,141) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,454 (2011 – surplus \$7,020). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 10 Subsequent Event

On May 8, 2012, the government announced cabinet restructuring. As a result, the Department of Culture and Community Services was restructured. The Department is now named the "Department of Culture" and assumed responsibility for the Francophone Secretariat from the Department of International, Intergovernmental and Aboriginal Relations.

Note 11 Comparative Figures

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Department of Culture and Community Services
Schedule to Financial Statements
Revenues
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 3)
Internal Government Transfers			
Transfers from the Alberta Heritage Scholarship Fund	\$ 80	\$ 60	\$ 60
Transfers from the Government of Canada			
Infrastructure Stimulus Fund	-	9,963	20,569
Provincial – Territorial Base Funding Program	-	7,125	-
Other	-	-	300
	-	17,088	20,869
Premiums, Fees and Licences			
Film Classification	750	521	618
Other Revenue			
Contributions in Kind	1,000	2,891	550
Prior Years Refunds of Expenses	420	2,336	315
Other	500	627	430
	1,920	5,854	1,295
Total Revenues	\$ 2,750	\$ 23,523	\$ 22,842

Department of Culture and Community Services
Schedule to Financial Statements
Credit or Recovery
Year ended March 31, 2012
(in thousands)

	2012		
	Authorized	Actual ^(a)	(Shortfall) / Excess ^(d)
Acquisition of Historical Collections ^(b)	\$ 3,000	\$ 2,891	\$ (109)
Royal Alberta Museum ^(c)	680	597	(83)
	<u>\$ 3,680</u>	<u>\$ 3,488</u>	<u>\$ (192)</u>

- ^(a) Revenues from credit or recovery initiatives are included in the Department's revenues in the Statement of Operations and Schedule 1.
- ^(b) Acquisition of Historical Collections is related to donations of artifacts and other items to various historic sites and museums.
- ^(c) Funding to the Royal Alberta Museum is provided for the Alberta Biodiversity Monitoring Program.
- ^(d) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

Department of Culture and Community Services
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 148,113	\$ 171,602	\$ 188,045
Salaries, Wages and Employee Benefits	42,772	41,456	42,116
Supplies and Services	12,069	13,699	10,734
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	1,337	1,337	1,466
Financial Transactions and Other	102	272	300
Amortization of Tangible Capital Assets	1,994	1,471	1,348
Total Expenses before Recoveries	206,387	229,837	244,009
Less: Recovery from Support Service Arrangements with Related Parties ^(b)	(6,688)	(7,006)	(7,068)
	\$ 199,699	\$ 222,831	\$ 236,941

^(a) The Department receives Freedom of Information and Privacy services from the Department of Finance and Information Management and Technology Services from the Department of Tourism, Parks and Recreation.

^(b) The Department provides financial and administrative services to the funds and agencies of the Ministry of Culture and Community Services and provides Human Resource Services and Policy, Planning and Legislative Services to the Department of Tourism, Parks and Recreation. Costs incurred by the Department for these services are recovered.

Department of Culture and Community Services
Schedule to Financial Statements
Budget
Year ended March 31, 2012
(in thousands)

	2011-2012				
	Estimates	Adjustments ^(a)	Budget	Authorized ^{(b)(c)} Supplementary	Authorized Budget
Revenues					
Internal Government Transfers	\$ 80	\$ -	\$ 80	\$ -	\$ 80
Transfers from the Government of Canada	-	-	-	17,183	17,183
Premiums, Fees and Licences	750	-	750	-	750
Other Revenue	1,920	1,988	3,908	-	3,908
	<u>2,750</u>	<u>1,988</u>	<u>4,738</u>	<u>17,183</u>	<u>21,921</u>
Expenses – Directly Incurred					
Ministry Support Services	9,696	-	9,696	-	9,696
Cultural Industries	50,368	-	50,368	-	50,368
Community and Voluntary Support Services	102,551	-	102,551	20,683	123,234
Heritage	37,084	2,180	39,264	1,034	40,298
Credit or Recovery Shortfall (Schedule 2)	-	(192)	(192)	-	(192)
	<u>199,699</u>	<u>1,988</u>	<u>201,687</u>	<u>21,717</u>	<u>223,404</u>
Net Operating Results	<u>\$ (196,949)</u>	<u>\$ -</u>	<u>\$ (196,949)</u>	<u>\$ (4,534)</u>	<u>\$ (201,483)</u>
Capital Investment	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ (916)</u>	<u>\$ 1,584</u>
Non-Budgetary Disbursements	<u>\$ 3,837</u>	<u>\$ -</u>	<u>\$ 3,837</u>	<u>\$ -</u>	<u>\$ 3,837</u>

(a) Adjustments include credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates of \$20,683 were approved on December 1, 2011.

(c) Treasury Board approved a transfer of \$118 for emerging capital purposes from Alberta Infrastructure and approved a transfer of \$916 from the capital investment vote to the expense vote within Element 4.9 pursuant to section 5 of the *Appropriation Act, 2011*.

Department of Culture and Community Services
Schedule to Financial Statements
Comparison of Directly Incurred Expenses, Capital Investment
and non-Budgetary Disbursements by Element to Authorized Spending
Year ended March 31, 2012
(in thousands)

	2011-12 Estimates	Adjust- ments ^(a)	2011-12 Budget	Authorized Supplementary ^{(b)(c)}	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	2011-12 Actual	Unexpended (Over Expended)
Expense and Capital Investments									
Ministry Support Services									
1.1 Minister's Office	\$ 590	\$ -	\$ 590	\$ -	\$ 590	\$ -	\$ 590	\$ 556	\$ 34
1.2 Deputy Minister's Office	630	-	630	-	630	-	630	620	10
1.3 Financial Services	1,425	-	1,425	-	1,425	-	1,425	1,300	125
1.4 Policy, Planning and Legislative Services	635	-	635	-	635	-	635	600	35
1.5 Communications	525	-	525	-	525	-	525	495	30
1.6 Human Resources	640	-	640	-	640	-	640	574	66
1.7 Corporate Initiatives									
Expense	5,251	-	5,251	-	5,251	(417)	4,834	3,385	1,449
Capital Investment	500	-	500	-	500	-	500	438	62
	10,196	-	10,196	-	10,196	(417)	9,779	7,968	1,811
Cultural Industries									
2.1 Program Support	748	-	748	-	748	-	748	483	265
2.2 Arts	1,999	-	1,999	-	1,999	(108)	1,891	2,005	(114)
2.3 Creative and Multimedia Industries	20,696	-	20,696	-	20,696	-	20,696	18,129	2,567
2.4 Assistance to the Alberta Foundation for the Arts	26,925	-	26,925	-	26,925	-	26,925	27,925	(1,000)
	50,368	-	50,368	-	50,368	(108)	50,260	48,542	1,718

Department of Culture and Community Services
Schedule to Financial Statements
Comparison of Directly Incurred Expenses, Capital Investment
and non-Budgetary Disbursements by Element to Authorized Spending (continued)
Year ended March 31, 2012
(in thousands)

	2011-12 Estimates	Adjust- ments ^(a)	2011-12 Budget	Authorized Supplementary ^{(b)(c)}	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	2011-12 Actual	Unexpended (Over Expended)
Community and Voluntary Support Services									
3.1	\$ 2,414	\$ -	\$ 2,414	\$ -	\$ 2,414	\$ -	\$ 2,414	\$ 2,164	\$ 250
3.2	6,787	-	6,787	-	6,787	(80)	6,707	6,295	412
3.3	16,000	-	16,000	-	16,000	-	16,000	15,889	111
3.4	38,000	-	38,000	-	38,000	-	38,000	39,647	(1,647)
3.5	25,250	-	25,250	-	25,250	-	25,250	22,026	3,224
3.6	4,100	-	4,100	-	4,100	-	4,100	13,610	(9,510)
3.7	10,000	-	10,000	-	10,000	-	10,000	10,000	-
3.8	-	-	-	6,245	6,245	-	6,245	6,151	94
3.9	-	-	-	518	518	-	518	518	-
3.10	-	-	-	3,295	3,295	-	3,295	3,294	1
3.11	-	-	-	4,000	4,000	-	4,000	4,000	-
3.12	-	-	-	3,125	3,125	-	3,125	3,125	-
3.13	-	-	-	3,500	3,500	-	3,500	-	3,500
	102,551	-	102,551	20,683	123,234	(80)	123,154	126,719	(3,565)

Department of Culture and Community Services
Schedule to Financial Statements
Comparison of Directly Incurred Expenses, Capital Investment
and non-Budgetary Disbursements by Element to Authorized Spending (continued)
Year ended March 31, 2012
(in thousands)

	2011-12 Estimates	Adjust- ments ^(a)	2011-12 Budget	Authorized Supplementary ^{(b)(c)}	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	2011-12 Actual	Unexpended (Over Expended)
Heritage	\$	\$	\$	\$	\$	\$	\$	\$	\$
4.1 Program Support	920	-	920	-	920	-	920	1,119	(199)
4.2 Royal Alberta Museum	6,328	180	6,508	-	6,508	-	6,508	6,642	(134)
4.3 Royal Tyrrell Museum	2,896	-	2,896	-	2,896	-	2,896	2,315	581
4.4 Historic Sites and Other Museums	9,181	-	9,181	-	9,181	-	9,181	9,447	(266)
4.5 Provincial Archives of Alberta	2,620	-	2,620	-	2,620	-	2,620	2,515	105
4.6 Acquisition of Historical Collections	1,000	2,000	3,000	-	3,000	-	3,000	3,105	(105)
4.7 Historic Resources Management	4,705	-	4,705	-	4,705	-	4,705	4,307	398
4.8 Assistance to the Alberta Historical Resources Foundation	7,875	-	7,875	-	7,875	-	7,875	7,875	-
4.9 Heritage Infrastructure Expense	1,559	-	1,559	1,034	2,593	(1,559)	1,034	1,028	6
Capital Investment	2,000	-	2,000	(916)	1,084	-	1,084	1,089	(5)
	39,084	2,180	41,264	118	41,382	(1,559)	39,823	39,442	381
Credit or Recovery Shortfall (Schedule 2)	-	(192)	(192)	-	(192)	-	(192)	-	(192)

**Department of Culture and Community Services
Schedule to Financial Statements
Comparison of Directly Incurred Expenses, Capital Investment
and non-Budgetary Disbursements by Element to Authorized Spending (continued)
Year ended March 31, 2012
(in thousands)**

	2011-12 Estimates	Adjust- ments ^(a)	2011-12 Budget	Authorized Supplementary (b)(c)	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	2011-12 Actual	Unexpended (Over Expended)
Expenses	\$ 199,699	\$ 1,988	\$ 201,687	\$ 21,717	\$ 223,404	\$ (2,164)	\$ 221,240	\$ 221,144	\$ 96
Capital Investment	2,500	-	2,500	(916)	1,584	-	1,584	1,527	57
	\$ 202,199	\$ 1,988	\$ 204,187	\$ 20,801	\$ 224,988	\$ (2,164)	\$ 222,824	\$ 222,671	\$ 153
Non-Budgetary Disbursements									
Heritage	\$ 3,837	\$ -	\$ 3,837	\$ -	\$ 3,837	\$ -	\$ 3,837	\$ 2,305	\$ 1,532
4.9 Heritage Infrastructure	\$ 3,837	\$ -	\$ 3,837	\$ -	\$ 3,837	\$ -	\$ 3,837	\$ 2,305	\$ 1,532

^(a) Adjustments include credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

^(b) Supplementary Estimates of \$20,683 were approved on December 1, 2011.

^(c) Treasury Board approved a transfer of \$118 for emerging capital purposes from Alberta Infrastructure and approved a transfer of \$916 from the capital investment vote to the expense vote within Element 4.9 pursuant to section 5 of the *Appropriation Act, 2011*.

Department of Culture and Community Services
Schedule to Financial Statements
Lottery Fund Estimates
Year ended March 31, 2012
(in thousands)

	2011-12 Lottery Fund Estimates	2011-12 Actual	Unexpended (Over Expended)
Cultural Industries			
2.3 Creative and Multimedia Industries	\$ 18,300	\$ 15,802	\$ 2,498
2.4 Assistance to the Alberta Foundation for the Arts	26,925	27,925	(1,000)
Community and Voluntary Support Services			
3.3 Community Spirit Donation Grant Program	16,000	15,889	111
3.4 Community Facility Enhancement Program	38,000	39,647	(1,647)
3.5 Community Initiatives Program	25,250	22,026	3,224
3.6 Other Initiatives	4,100	5,610	(1,510)
3.7 Support for Mount Royal Conservatory of Music	10,000	10,000	-
Heritage			
4.8 Assistance to the Alberta Historical Resources Foundation	7,875	7,875	-
	<u>\$ 146,450</u>	<u>\$ 144,774</u>	<u>\$ 1,676</u>

The revenue of the Lottery Fund is transferred to the Department of Finance on behalf of the General Revenue Fund. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

Department of Culture and Community Services
Schedule to Financial Statements
Salary and Benefits Disclosure
Year ended March 31, 2012
(in thousands)

	2012			2011	
	Base Salary ^(a)	Other Cash Benefits ^(b)	Other Non-cash Benefits ^(c)	Total	Total
Senior Officials					
Deputy Minister ^{(d)(e)}	\$ 264	\$ 61	\$ 84	\$ 409	\$ 330
Executives					
Assistant Deputy Minister, Culture, Community and Voluntary Services Division	186	1	9	196	196
Assistant Deputy Minister, Heritage Division	150	1	40	191	183
Executive Director, Human Resource Services ^(f)	152	13	40	205	191
Executive Director, Policy, Planning and Legislative Services ^{(f)(g)}	122	1	33	156	185
Chief Information Officer ^(e)	136	1	36	173	135
Executive Director, Financial Services	152	1	41	194	191

Prepared in accordance with Treasury Board Directive 12/98 as amended.

- (a) Base salary includes pensionable base pay.
- (b) Other cash benefits include vacation payout and lump sum payments. There were no bonuses paid in 2012.
- (c) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, financial planning services, coaching services, and professional memberships and tuition fees.
- (d) Automobile provided, no dollar amount included in other non-cash benefits.
- (e) This position was occupied by two individuals at different times during the year.
- (f) The incumbent's services are shared with the Department of Tourism, Parks and Recreation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.
- (g) This position was part time at 80% in 2012.

Department of Culture and Community Services
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
		Restated (Note 3)		Restated (Note 3)
Revenues				
Grants	\$ -	\$ -	\$ 60	\$ 60
Expenses - Directly Incurred				
Grants	\$ 35,800	\$ 34,902	\$ 1,828	\$ 12,267
Other services	-	-	1,510	1,574
	<u>\$ 35,800</u>	<u>\$ 34,902</u>	<u>\$ 3,338</u>	<u>\$ 13,841</u>
Transfer of Tangible Capital Assets In (Out)	\$ -	\$ -	\$ (181)	\$ (553)
Payable to	<u>\$ 88</u>	<u>\$ 8</u>	<u>\$ 121</u>	<u>\$ 178</u>
Receivable from	<u>\$ 484</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

Department of Culture and Community Services
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
		Restated (Note 3)		Restated (Note 3)
Recoveries				
Services Provided	\$ 410	\$ 736	\$ -	\$ -
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 37,509	\$ 34,700
GOA Learning Centre	-	-	17	39
Legal Services	-	-	148	171
Internal Audit	-	-	103	25
Financial Services	-	-	469	478
Transportation Services	-	-	66	61
Information Technology Services	-	-	1,411	1,435
	\$ -	\$ -	\$ 39,723	\$ 36,909

Department of Culture and Community Services
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)

Program	2012											2011
	Expenses ^(a)	Services Provided ^(b)	Accommodation ^(c)	Learning Centre ^(d)	Legal Services ^(e)	Internal Audit ^(f)	Financial Services ^(g)	Transportation Services ^(h)	Information Technology Services ⁽ⁱ⁾	Total Expenses	Total Expenses	Restated (Note 3)
Ministry Support Services	\$ 7,965	\$ -	\$ 309	\$ 2	\$ 34	\$ -	\$ 57	\$ 8	\$ 173	\$ 8,548	\$ 8,510	
Cultural Industries	48,632	-	8,438	2	10	34	52	7	156	57,331	55,860	
Community and Voluntary Support Services	126,791	-	864	3	22	35	85	12	256	128,068	145,402	
Heritage	39,443	(410)	27,898	10	82	34	275	39	826	68,197	63,342	
	\$ 222,831	\$ (410)	\$ 37,509	\$ 17	\$ 148	\$ 103	\$ 469	\$ 66	\$ 1,411	\$ 262,144	\$ 273,114	

(a) Expenses – Directly Incurred as per Statement of Operations.

(b) The Department of Culture and Community Services provided financial and administrative services to its funds and agencies.

(c) The Department of Infrastructure provided accommodations. Costs shown for Accommodation on Schedule 8, allocated by square footage.

(d) The Department of Treasury Board and Enterprise provided training. Costs shown for Government of Alberta Learning Centre on Schedule 8, allocated by full time equivalent.

(e) The Department of Justice provided legal services. Costs for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.

(f) The Department of Treasury Board and Enterprise provided internal audit services. Costs shown for Internal Audit on Schedule 8, allocated by estimated costs incurred by each program.

(g) The Department of Service Alberta provided financial services to the Department. Costs shown for Financial Services on Schedule 8, allocated to the program by full time equivalent.

(h) The Department of Service Alberta and Department of Treasury Board and Enterprise provided transportation services. Costs shown for Transportation Services on Schedule 8, allocated to the program by full time equivalent.

(i) The Department of Service Alberta provided information technology services. Costs shown for Information Technology Services on Schedule 8, allocated to the program by full time equivalent.

Department of Culture and Community Services
Schedule to Financial Statements
Tangible Capital Assets
Year ended March 31, 2012
(in thousands)

	2012						2011
	General Capital Assets			Infrastructure Assets			Total Restated (Note 3)
	Equipment ^(a)	Computer Hardware and Software	Land	Buildings	Land Improvements	Total	
	3-10 years	5-8 years	Indefinite	20-40 years	40 years		
Estimated Useful Life							
Historical Cost ^(b)							
Beginning of Year	\$ 10,609	\$ 4,200	\$ 2,453	\$ 131	\$ 1,596	\$ 18,989	\$ 18,116
Additions	701	638	-	-	188	1,527	1,686
Disposals, Including Write-Downs	(372)	(86)	-	(51)	-	(509)	(250)
Transfers to Others ^(c)	-	(104)	-	(80)	-	(184)	(563)
	<u>\$ 10,938</u>	<u>\$ 4,648</u>	<u>\$ 2,453</u>	<u>\$ -</u>	<u>\$ 1,784</u>	<u>\$ 19,823</u>	<u>\$ 18,989</u>
Accumulated Amortization							
Beginning of Year	\$ 4,491	\$ 1,366	\$ -	\$ 54	\$ 144	\$ 6,055	\$ 4,768
Amortization Expense	903	525	-	-	43	1,471	1,348
Effect of Disposal	(310)	-	-	(51)	-	(361)	(51)
Transfers to Others ^(c)	-	-	-	(3)	-	(3)	(10)
	<u>\$ 5,084</u>	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 7,162</u>	<u>\$ 6,055</u>
Net Book Value at March 31, 2012	<u>\$ 5,854</u>	<u>\$ 2,757</u>	<u>\$ 2,453</u>	<u>\$ -</u>	<u>\$ 1,597</u>	<u>\$ 12,661</u>	
Net Book Value at March 31, 2011	<u>\$ 6,118</u>	<u>\$ 2,834</u>	<u>\$ 2,453</u>	<u>\$ 77</u>	<u>\$ 1,452</u>	<u>\$ 12,934</u>	

^(a) Equipment includes network switches and routers, vehicles, office equipment and furniture, and other equipment.

^(b) Historical cost includes work-in-progress at March 31, 2012 totalling \$1,625 (2011 - \$1,506) comprised of: equipment \$475 (2011 - \$437); computer hardware and software \$573 (2011 - \$604); buildings Nil (2011 - \$60); and land improvements \$577 (2011 - \$405).

^(c) Transfer of computer hardware and software was made to Alberta Tourism, Parks and Recreation at a net book value of \$104 and transfers of buildings were made to Alberta Infrastructure at a net book value of \$77.

Alberta Foundation for the Arts

Financial Statements

March 31, 2012

**Alberta Foundation for the Arts
Financial Statements
March 31, 2012**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Members of the Alberta Foundation for the Arts and the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Foundation for the Arts, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Foundation for the Arts as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

Alberta Foundation for the Arts
Statement of Operations
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 3)
Revenues			
Internal Government Transfers			
Transfers from the Department of Culture and Community Services	\$ 26,925	\$ 27,925	\$ 26,902
Investment Income	581	146	135
Other Revenue			
Prior Years Refunds of Expenses	75	88	69
Donations of Artworks	300	184	98
	<u>27,881</u>	<u>28,343</u>	<u>27,204</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Support to Arts Organizations	21,553	22,124	21,704
Support to Individual Artists	5,077	5,252	4,398
Administration	1,278	907	1,104
	<u>27,908</u>	<u>28,283</u>	<u>27,206</u>
Net Operating Results (Note 4)	<u>\$ (27)</u>	60	(2)
Operating Fund Balance at Beginning of Year		1,826	1,828
Transfer from Reserve (Note 9)		467	-
Operating Fund Balance at End of Year		<u>\$ 2,353</u>	<u>\$ 1,826</u>

The accompanying notes and schedules are part of these financial statements.

Alberta Foundation for the Arts
Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
Financial Assets		
Cash (Note 5)	\$ 4,252	\$ 1,705
Accounts Receivable (Note 6)	4	12
	4,256	1,717
Cash Appropriated for Non-Current Use (Note 5)	-	467
Tangible Capital Assets (Note 7)	101	125
	\$ 4,357	\$ 2,309
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 2,004	\$ 16
Fund Balances		
Operating	2,353	1,826
General Reserve – Internally Restricted (Note 9)	-	467
	2,353	2,293
	\$ 4,357	\$ 2,309
Contractual obligations (Note 10)		

The accompanying notes and schedules are part of these financial statements.

Alberta Foundation for the Arts
Statement of Cash Flows
Year ended March 31, 2012
(in thousands)

	2012	2011
Operating Transactions		
Net Operating Results	\$ 60	\$ (2)
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	24	27
	84	25
Decrease in Accounts Receivable	8	13
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,988	(764)
Cash Provided by (Applied to) Operating Transactions	2,080	(726)
Financing Transactions		
Transfer from Reserve	467	-
Increase (Decrease) in Cash	2,547	(726)
Cash at Beginning of Year	1,705	2,431
Cash at End of Year	\$ 4,252	\$ 1,705

The accompanying notes and schedules are part of these financial statements.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012**

Note 1 Authority and Purpose

The Alberta Foundation for the Arts (Foundation) operates under the authority of the *Alberta Foundation for the Arts Act*, Chapter A-19, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To support and contribute to the development of literary, performing, visual and media arts in Alberta;
- To provide both individuals and organizations with opportunities to participate in the arts in Alberta;
- To promote the enjoyment of works of art created by Alberta artists;
- To oversee the collection, preservation and display of works of art by Alberta artists; and
- To encourage artists living in Alberta in their work.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Alberta Foundation for the Arts, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return. Internal government transfers are recognized as revenue when received.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include amortization of tangible capital assets.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations.

Assets acquired by right are not included. Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Artworks and Collections

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**Note 3 Program Transfer
(in thousands)**

Support to Cultural Industries was transferred from the Foundation to the Department of Culture and Community Services effective April 1, 2011. Comparatives for 2010-11 have been restated for this transfer. The effect was a decrease in revenues by \$2,198 from \$29,402 to \$27,204 and a decrease in expenses by \$2,198 from \$29,404 to \$27,206.

Note 4 Net Operating Results

Actual cash expenses incurred by the Foundation cannot exceed actual revenues received during the year except if authorized by the Minister of Culture and Community Services or by Treasury Board.

**Note 5 Cash
(in thousands)**

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3 % (2011 – 1.1 %) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Cash in the amount of Nil (2011 – \$467) has been appropriated for non-current use (Note 9).

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012

Note 6 **Accounts Receivable**
(in thousands)

	2012		2011	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 4	\$ -	\$ 4	\$ 12

Accounts receivable are unsecured and non-interest bearing.

Note 7 **Tangible Capital Assets**
(in thousands)

	Equipment ^(a)	Computer Hardware and Software	2012 Total	2011 Total
Estimated Useful Life	10 years	4 years		
Historical Cost				
Beginning of Year	\$ 273	\$ 20	\$ 293	\$ 293
Additions	-	-	-	-
Disposals, Including Write-Downs	-	-	-	-
	273	20	293	293
Accumulated Amortization				
Beginning of Year	148	20	168	141
Amortization Expense	24	-	24	27
Effect of Disposals	-	-	-	-
	172	20	192	168
Net Book Value at March 31, 2012	\$ 101	\$ -	\$ 101	
Net Book Value at March 31, 2011	\$ 125	\$ -		\$ 125

^(a) Equipment includes vehicles, office equipment and furniture, and other equipment.

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012**

Note 8 Artworks and Collections

The Foundation actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints.

At March 31, 2012, the collection consisted of approximately 8,393 (2011 – 8,296) pieces of artworks with an approximate value of \$12,807,712 (2011 – \$12,081,911). During the year, the Foundation purchased 71 (2011 – 137) artworks with a value of \$544,109 (2011 – \$513,606). Contributions to the collection included 27 (2011 – 54) artworks with an appraised value of \$183,793 (2011 – \$97,725). There was one artwork disposition during the year (2011 – three). The collection is insured.

Note 9 General Reserve
(in thousands)

During the year, a transfer of \$467 from the general reserve to the operating fund was approved by the Board.

Note 10 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Service Contracts	\$ 560	\$ 1,092

Estimated payment requirements for the next year and thereafter are as follows:

	Service Contracts
2012 – 2013	\$ 560
Thereafter	-
	\$ 560

**Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2012**

Note 11 Honoraria
(in thousands)

	2012			2011	
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total	
Board ^(c)					
Chair	\$ 4	\$ -	\$ 4	\$	1
Vice Chair	2	-	2		4
Other Members (9)	21	-	21		18
	\$ 27	\$ -	\$ 27	\$	23

^(a) The Foundation has no employees. Staff of the Department of Culture and Community Services administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Board Directive 12/98 as amended, is included in the financial statements of the Department of Culture and Community Services.

^(b) No benefits were provided to Board members.

^(c) Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

Note 12 Comparative Figures

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

Note 13 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

Alberta Foundation for the Arts
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 23,087	\$ 24,481	\$ 23,123
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	2,214	2,214	2,214
Supplies and Services	1,420	1,036	1,012
Acquisition of Artworks ^(b)	790	317	709
Donations of Artworks	300	184	98
Amortization of Tangible Capital Assets	27	24	27
Honoraria (Note 11)	70	27	23
	<u>\$ 27,908</u>	<u>\$ 28,283</u>	<u>\$ 27,206</u>

^(a) The Foundation receives financial and program related administrative services from the Department of Culture and Community Services.

^(b) Includes commissioned artwork in progress.

Alberta Foundation for the Arts
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
		Restated (Note 3)		Restated (Note 3)
Revenues				
Transfers from the Department of Culture and Community Services	\$ 27,925	\$ 26,902	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ -	\$ -	\$ 1,927	\$ 1,883
Other Services	-	-	10	11
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ 1,894</u>
Payable to	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1,980</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

Alberta Foundation for the Arts
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
		Restated (Note 3)		Restated (Note 3)
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 459	\$ 423
Other Services	-	112	-	-
Legal Services	-	-	1	3
Internal Audit	-	-	-	25
	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 460</u>	<u>\$ 451</u>

Alberta Foundation for the Arts
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)

Program	2012					2011
	Expenses ^(a)	Accommodation ^(b)	Expenses – Incurred by Others			Total
		Other Services ^(c)	Legal Services ^(d)	Internal Audit ^(e)	Expenses	Expenses
Support to Arts Organizations	\$ 22,124	\$ 162	-	\$ 1	-	\$ 22,287
Support to Individual Artists	5,252	176	-	-	-	5,428
Administration	907	121	-	-	-	1,028
	<u>\$ 28,283</u>	<u>\$ 459</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 28,743</u>
						<u>\$ 27,769</u>

^(a) Expenses – Directly Incurred as per Statement of Operations.

^(b) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

^(c) The Department of Culture and Community Services provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

^(d) The Department of Justice provided legal services. Costs shown for Legal Services on Schedule 2, allocated by estimated costs incurred by each program.

^(e) The Department of Treasury Board and Enterprise provided Internal Audit Services. Costs shown for Internal Audit on Schedule 2, allocated by estimated costs incurred by each program.

Total Expenses Restated (Note 3)

The Alberta Historical Resources Foundation

Financial Statements

March 31, 2012

The Alberta Historical Resources Foundation
Financial Statements
March 31, 2012

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Directors of Alberta Historical Resources Foundation and
the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Historical Resources Foundation, which comprise the statement of financial position as at March 31, 2012, and the statement of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Historical Resources Foundation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

The Alberta Historical Resources Foundation
Statement of Operations
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Department of Culture and Community Services	\$ 7,875	\$ 7,875	\$ 8,000
Investment Income	290	70	63
Other Revenue	6	-	10
	8,171	7,945	8,073
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Glenbow Museum	2,887	2,966	2,966
Heritage Preservation Partnership Programs	2,635	2,781	2,397
Support for Provincial Heritage Organizations	1,895	2,239	2,145
Municipal Heritage Programs	554	530	407
Heritage Markers Program	106	100	104
Administration	150	244	230
	8,227	8,860	8,249
Net Operating Results	\$ (56)	(915)	(176)
Fund Balances at Beginning of Year		3,540	3,716
Fund Balances at End of Year		\$ 2,625	\$ 3,540

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
Financial Assets		
Cash (Note 3)	\$ 3,566	\$ 3,484
Cash Appropriated for Non-Current Use (Notes 3 and 7)	-	50
Tangible Capital Assets (Note 5)	104	140
	\$ 3,670	\$ 3,674
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,045	\$ 134
Fund Balances		
Operating	2,600	3,465
Internally Restricted (Note 6)	25	25
Reserve (Note 7)	-	50
	2,625	3,540
	\$ 3,670	\$ 3,674

Contractual obligations (Note 9)

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Statement of Cash Flows
Year ended March 31, 2012
(in thousands)

	2012	2011
Operating Transactions		
Net Operating Results	\$ (915)	\$ (176)
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	36	44
	(879)	(132)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	911	(325)
Cash Provided by (Applied to) Operating Transactions	32	(457)
Financing Transactions		
Transfer from Reserve (Note 7)	50	-
Increase (Decrease) in Cash	82	(457)
Cash at Beginning of Year	3,484	3,941
Cash at End of Year	\$ 3,566	\$ 3,484

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

The Alberta Historical Resources Foundation (Foundation) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is to assist in the preservation and interpretation of Alberta's heritage primarily through the encouragement and sponsorship of community heritage initiatives.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is The Alberta Historical Resources Foundation, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include amortization of tangible capital assets.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations and individuals.

Assets acquired by right are not included. Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Collections of historical assets held by the Foundation are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Note 3 Cash

(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3% (2011 – 1.1%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Cash in the amount of Nil (2011 – \$50) has been appropriated for non-current use (Note 7).

Note 4 Artworks and Collections

The Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 376 (2011 – 376) artworks with an estimated value of \$16,060 (2011 – \$16,060) and 30 (2011 – 30) antique furnishings estimated at \$12,700 (2011 – \$12,700). During the year, the Foundation did not acquire any historical assets (2011 – Nil). There were no artwork dispositions during the year (2011 – Nil). The collection is insured.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 5 Tangible Capital Assets
(in thousands)

	Heritage Markers	
	2012 Total	2011 Total
Estimated Useful Life – 10 years		
Historical Cost		
Beginning of Year	\$ 561	\$ 561
Additions	-	-
Disposals, Including Write-Downs	-	-
	561	561
Accumulated Amortization		
Beginning of Year	421	377
Amortization Expense	36	44
Effect of Disposals	-	-
	457	421
Net Book Value	\$ 104	\$ 140

Note 6 Internally Restricted Funds
(in thousands)

	2012			2011	
	Bob Etherington Heritage Trades Scholarship ^(a)	Peter Goertzen Fund ^(b)	Total Restricted Funds	Total Restricted Funds	
Opening Balance	\$ 15	\$ 10	\$ 25	\$ 15	
Contributions Received	-	-	-	10	
Expenses	-	-	-	-	
Closing Balance	\$ 15	\$ 10	\$ 25	\$ 25	

^(a) The Bob Etherington Heritage Trades Scholarship was designed to develop the heritage trades in Alberta by encouraging tradespersons to hone their technical skills and further their understanding of the challenges and complexities of heritage conservation work.

^(b) The Peter Goertzen Fund is a gift from the estate of Peter Goertzen, a former board member of The Alberta Historical Resources Foundation. These funds have been internally restricted and will support special heritage projects approved by the Board.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 7 Reserve
(in thousands)

During the year, a transfer of \$50 from the reserve to the operating fund was approved by the Board.

Note 8 Honoraria
(in thousands)

	2012			2011	
	Honoraria ^(a)	Benefits and Allowances ^(b)	Total	Total	
Board ^(c)					
Chair	\$ 7	\$ -	\$ 7	\$	7
Other Members (11)	28	-	28	\$	17
	\$ 35	\$ -	\$ 35	\$	24

(a) The Foundation has no employees. Staff of the Department of Culture and Community Services administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Board Directive 12/98 as amended, is included in the financial statements of the Department of Culture and Community Services.

(b) No benefits were provided to Board members.

(c) Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by Ministerial Order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 9 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Grant Agreements	\$ 4,047	\$ 4,338
Service Contracts	3,176	2,887
Long-term Leases	-	6
	\$ 7,223	\$ 7,231

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Grant Agreements	Service Contracts	Total
2012 - 13	\$ 3,155	\$ 3,176	\$ 6,331
2013 - 14	535	-	535
2014 - 15	159	-	159
2015 - 16	158	-	158
2016 - 17	20	-	20
Thereafter	20	-	20
	\$ 4,047	\$ 3,176	\$ 7,223

Note 10 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

The Alberta Historical Resources Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual
Grants	\$ 4,520	\$ 4,975	\$ 4,401
Supplies and Services	2,912	3,075	3,041
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	739	739	739
Amortization of Tangible Capital Assets	56	36	44
Honoraria (Note 8)	-	35	24
	\$ 8,227	\$ 8,860	\$ 8,249

^(a) The Foundation receives financial and program related administrative services from the Department of Culture and Community Services.

The Alberta Historical Resources Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Revenues				
Transfers from the Department of Culture and Community Services	\$ 7,875	\$ 8,000	\$ -	\$ -
Expenses – Directly Incurred				
Grants	\$ 40	\$ 41	\$ 32	\$ 33
Other services	-	-	7	7
	<u>\$ 40</u>	<u>\$ 41</u>	<u>\$ 39</u>	<u>\$ 40</u>
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Expenses – Incurred by Others				
Other Services	\$ 65	\$ 172	\$ -	\$ -
Accommodation	-	-	21	21
	<u>\$ 65</u>	<u>\$ 172</u>	<u>\$ 21</u>	<u>\$ 21</u>

The Alberta Historical Resources Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)

Program	Expenses – Incurred by Others			2012		2011	
	Expenses ^(a)	Other Services ^(b)	Accommodation ^(c)	Total Expenses	Total Expenses		
Glenbow Museum	\$ 2,966	\$ -	\$ -	\$ 2,966	\$ 2,966		
Heritage Preservation Partnership Programs	2,781	33	10	2,824	2,430		
Support for Provincial Heritage Organizations	2,239	-	-	2,239	2,145		
Municipal Heritage Programs	530	8	3	541	529		
Heritage Markers Program	100	16	5	121	104		
Administration	244	8	3	255	268		
	<u>\$ 8,860</u>	<u>\$ 65</u>	<u>\$ 21</u>	<u>\$ 8,946</u>	<u>\$ 8,442</u>		

^(a) Expenses – Directly Incurred as per Statement of Operations.

^(b) The Department of Culture and Community Services provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

^(c) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

The Government House Foundation

Financial Statements

March 31, 2012

**The Government House Foundation
Financial Statements
March 31, 2012**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Directors of the Government House Foundation and
the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Government House Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government House Foundation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

**The Government House Foundation
Statement of Operations
Year ended March 31, 2012**

	2012		2011
	Budget	Actual	Actual
Revenues			
Internal Government Transfers			
Transfers from the Alberta Historical Resources Foundation	\$ 40,000	\$ 40,000	\$ 41,000
Investment Income	4,000	1,280	1,102
Premiums, Fees and Licences	5,000	5,370	4,630
Donations of Artworks	-	1,350	24,587
	<u>49,000</u>	<u>48,000</u>	<u>71,319</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)			
Public Relations	31,000	22,411	19,974
Administration	12,000	19,509	19,502
Conservation of Collections	3,000	2,675	699
Collection Acquisitions	3,000	4,136	28,586
	<u>49,000</u>	<u>48,731</u>	<u>68,761</u>
Net Operating Results	<u>\$ -</u>	(731)	2,558
Fund Balance at Beginning of Year		<u>74,343</u>	<u>71,785</u>
Fund Balance at End of Year		<u>\$ 73,612</u>	<u>\$ 74,343</u>

The accompanying notes and schedules are part of these financial statements.

The Government House Foundation
Statement of Financial Position
As at March 31, 2012

	2012	2011
Financial Assets		
Cash (Note 3)	\$ 84,728	\$ 77,136
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 11,116	\$ 2,793
Fund Balance	73,612	74,343
	\$ 84,728	\$ 77,136

Contractual obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

**The Government House Foundation
Statement of Cash Flows
Year ended March 31, 2012**

	2012	2011
Operating Transactions		
Net Operating Results	\$ (731)	\$ 2,558
Increase (Decrease) in Accounts Payable and Accrued Liabilities	8,323	(578)
Cash Provided by Operating Transactions	7,592	1,980
Cash at Beginning of Year	77,136	75,156
Cash at End of Year	\$ 84,728	\$ 77,136

The accompanying notes and schedules are part of these financial statements.

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

The Government House Foundation (Foundation) operates under the authority of the *Government House Act*, Chapter G-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is:

- To advise the Minister on the preservation of Government House as a historic site and building;
- To inform and stimulate the interest of the public in the historical and architectural development of Government House; and
- To solicit and receive by gift, bequest, devise, transfer or otherwise, any personal property for use or display in Government House.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Government House Foundation, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation, when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

**The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the Government's budget documents.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash.

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value. Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3% (2011 – 1.1%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Artworks and Collections

The Government House Foundation actively collects various significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions. The collection is insured.

At March 31, 2012, the collection consisted of approximately 485 (2011 – 440) pieces of artworks and other items, with an approximate value of \$1,023,000 (2011 – \$1,019,000). During the year, the Foundation made one purchase of artifacts with a value of \$2,786 (2011 – \$4,000). Contributions to the collection included 3 (2011 – 34) artifacts with an appraised value of \$1,350 (2011 – \$24,600) and there were no dispositions during the year (2011 – Nil).

Note 5 Contractual Obligations

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Service Contracts	\$ 17,000	\$ -

Estimated payment requirements for the next year and thereafter are as follows:

	Service Contracts
2012 - 13	\$ 17,000
Thereafter	-
	\$ 17,000

**The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2012**

Note 6 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

The Government House Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012

	2012		2011
	Budget	Actual	Actual
Supplies and Services			
Materials and Supplies	\$ 6,000	\$ 6,636	\$ 29,285
General Office	27,000	22,682	20,324
Contracted Services	14,000	18,362	19,000
Hosting	2,000	1,051	152
	\$ 49,000	\$ 48,731	\$ 68,761

The Government House Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	2012	2011	2012	2011
Revenues				
Transfers from the Alberta Historical Resources Foundation	\$ 40,000	\$ 41,000	\$ -	\$ -
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ 2,591	\$ 2,373
Accounts Payable	\$ -	\$ -	\$ 4,425	\$ -

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	2012	2011	2012	2011
Expenses – Incurred by Others				
Other Services	\$ 15,660	\$ 12,411	\$ -	\$ -
Accommodation	-	-	2,622	2,622
	<u>\$ 15,660</u>	<u>\$ 12,411</u>	<u>\$ 2,622</u>	<u>\$ 2,622</u>

The Government House Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012

Program	2012			2011	
	Expenses ^(a)	Other Services ^(b)	Accommodation ^(c)	Total Expenses	Total Expenses
Public Relations Administration	\$ 22,411	\$ 4,550	\$ 761	\$ 27,722	\$ 24,341
Conservation of Collections	19,509	4,441	744	24,694	23,766
Collection Acquisitions	2,675	159	27	2,861	851
	4,136	6,510	1,090	11,736	34,836
	<u>\$ 48,731</u>	<u>\$ 15,660</u>	<u>\$ 2,622</u>	<u>\$ 67,013</u>	<u>\$ 83,794</u>

^(a) Expenses – Directly Incurred as per Statement of Operations.

^(b) The Department of Culture and Community Services provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

^(c) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

Historic Resources Fund

Financial Statements

March 31, 2012

**Historic Resources Fund
Financial Statements
March 31, 2012**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Expenses – Directly Incurred Detailed by Object

Schedule 3 – Related Party Transactions

Schedule 4 – Allocated Costs

Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Historic Resources Fund, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Historic Resources Fund as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

**Historic Resources Fund
Statement of Operations
Year ended March 31, 2012
(in thousands)**

	<u>2012</u>		<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> Restated (Note 2 (c))
Revenues (Schedule 1)			
Interpretive Programs and Services	\$ 3,764	\$ 3,889	\$ 3,780
Promotion and Presentation	4,560	3,189	3,319
Jubilee Auditoria	6,613	6,845	5,708
Other Initiatives	479	586	282
Provincial Archives	120	167	146
	<u>15,536</u>	<u>14,676</u>	<u>13,235</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 2 and 4)			
Interpretive Programs and Services	3,839	4,546	4,110
Promotion and Presentation	4,810	3,119	3,234
Jubilee Auditoria	6,538	5,145	4,878
Other Initiatives	480	471	509
Provincial Archives	120	166	136
	<u>15,787</u>	<u>13,447</u>	<u>12,867</u>
Net Operating Results	<u>\$ (251)</u>	1,229	368
Fund Balances at Beginning of Year		<u>14,463</u>	<u>14,095</u>
Fund Balances at End of Year		<u>\$ 15,692</u>	<u>\$ 14,463</u>

The accompanying notes and schedules are part of these financial statements.

Historic Resources Fund
Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
		Restated (Note 2 (c))
Financial Assets		
Cash (Note 3)	\$ 12,941	\$ 10,876
Accounts Receivable (Note 4)	1,146	714
Prepaid Expenses	15	30
Inventory for Resale	641	632
Tangible Capital Assets (Note 5)	3,468	3,788
	\$ 18,211	\$ 16,040
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,497	\$ 580
Unearned Revenue	343	373
Deferred Contributions (Note 6)	679	624
	2,519	1,577
Fund Balances		
Operating	3,525	4,216
Internally Restricted (Note 7)	12,167	10,247
	15,692	14,463
	\$ 18,211	\$ 16,040

Contractual obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

**Historic Resources Fund
Statement of Cash Flows
Year ended March 31, 2012
(in thousands)**

	2012	2011
		Restated (Note 2 (c))
Operating Transactions		
Net Operating Results	\$ 1,229	\$ 368
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	843	852
Loss on Disposal of Tangible Capital Assets	14	8
	2,086	1,228
(Increase) Decrease in Accounts Receivable	(432)	89
Decrease (Increase) in Prepaid Expenses	15	(8)
(Increase) in Inventory for Resale	(9)	(35)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	917	(847)
(Decrease) Increase in Unearned Revenue	(30)	71
Increase (Decrease) in Deferred Contributions	55	(27)
	2,602	471
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 5)	(540)	(369)
Proceeds on Disposal of Tangible Capital Assets	3	-
	(537)	(369)
Increase in Cash	2,065	102
Cash at Beginning of Year	10,876	10,774
Cash at End of Year	\$ 12,941	\$ 10,876

The accompanying notes and schedules are part of these financial statements.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

Historic Resources Fund (Fund) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Fund is to protect, enhance, promote and display Alberta's historic resources by funding programs designated by the Lieutenant Governor in Council and by promoting the use and development of related facilities.

The Fund is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Historic Resources Fund, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Donations that are restricted to a specific use are recorded as deferred contributions and transferred to revenues in the period in which the related expenses are incurred.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

Amortization of tangible capital assets.

Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are disclosed in Schedule 3 and allocated to programs in Schedule 4.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Fund are limited to cash and financial claims such as accounts receivable from other organizations and individuals as well as inventory for resale. Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first in first out basis.

Assets acquired by right are not included. Tangible capital assets of the Fund are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, inventory for resale and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**(c) Change in Accounting Policy
(in thousands)**

The Fund has changed from the fund accounting method for externally restricted contributions to the deferred method of accounting. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

In the comparative figures, restricted contributions related to future periods are treated as liabilities in the Statement of Financial Position. Deferred Contributions have increased by \$624 as at April 1, 2011 (\$651 as at April 1, 2010) and the fund balance decreased by \$624 as at April 1, 2011 (\$651 as at April 1, 2010).

Externally restricted contributions that were previously recorded in the Statement of Operations as revenue when received now are recorded as deferred contributions and recognized as revenue when related expenses are incurred. As a result of this accounting policy change, Promotion and Presentation revenue decreased by \$97 (2011 - \$39), and Other Initiatives revenue increased by \$45 (2011 - \$66).

**Note 3 Cash
(in thousands)**

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3% (2011 - 1.1%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012

Note 4 Accounts Receivable
(in thousands)

	2012		2011	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 822	\$ -	\$ 822	\$ 563
Refunds from Suppliers	324	-	324	151
	\$ 1,146	\$ -	\$ 1,146	\$ 714

Accounts receivable are unsecured and non-interest bearing.

Note 5 Tangible Capital Assets
(in thousands)

	Equipment	Computer Hardware and Software	2012 Total	2011 Total
	3 - 20 years	5 years		
Estimated Useful Life	3 - 20 years	5 years		
Historical Cost ^(a)				
Beginning of Year	\$ 8,375	\$ 340	\$ 8,715	\$ 8,385
Additions	540	-	540	369
Disposals, Including Write-Downs	(61)	(10)	(71)	(39)
	8,854	330	9,184	8,715
Accumulated Amortization				
Beginning of Year	4,750	177	4,927	4,106
Amortization Expense	809	34	843	852
Effect of Disposals	(44)	(10)	(54)	(31)
	5,515	201	5,716	4,927
Net Book Value at March 31, 2012	\$ 3,339	\$ 129	\$ 3,468	
Net Book Value at March 31, 2011	\$ 3,625	\$ 163		\$ 3,788

(a) Historical cost includes equipment work-in-progress at March 31, 2012 totalling \$285 (2011 – \$138).

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012**

Note 6 Deferred Contributions
(in thousands)

Deferred contributions represent externally restricted contributions received relating to expenses of future years.

Changes in the deferred contributions balance are as follows:

	2012	2011
		Restated (Note 2 (c))
Restricted Contributions Received During the Year:		
Promotion and Presentation	\$ 256	\$ 178
Jubilee Auditoria	-	-
Other Initiatives	1	1
Provincial Archives	26	-
	283	179
Less: Amounts Recognized as Revenue in the Year	(228)	(206)
Increase (Decrease) During the Year	55	(27)
Balance at Beginning of Year	624	651
Balance at End of Year	\$ 679	\$ 624
Balance at End of Year is Comprised of:		
Promotion and Presentation	\$ 529	\$ 431
Jubilee Auditoria	44	44
Other Initiatives	105	149
Provincial Archives	1	-
	\$ 679	\$ 624

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012

Note 7 Internally Restricted Funds
(in thousands)

	2012			2011	
	Glenbow- Alberta Institute ^(a)	Jubilee Auditoria ^(b)	Total Restricted Funds	Total Restricted Funds	
Opening Balance	\$ 381	\$ 9,866	\$ 10,247	\$ 9,491	
Revenue	313	6,845	7,158	5,713	
Expenses	<u>(94)</u>	<u>(5,144)</u>	<u>(5,238)</u>	<u>(4,957)</u>	
Closing Balance	<u>\$ 600</u>	<u>\$ 11,567</u>	<u>\$ 12,167</u>	<u>\$ 10,247</u>	

(a) The purpose of the fund is to acquire new provincial historical artifacts from the proceeds of the disposition of deaccessioned provincial collections displayed at the Glenbow-Alberta Institute.

(b) Accumulated surpluses arising from the operation of the Jubilee Auditoria may only be used for the payment of expenses related to the Jubilee Auditoria.

Note 8 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Service Contracts	<u>\$ 10,226</u>	<u>\$ 3,226</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts
2012 - 13	\$ 6,463
2013 - 14	3,476
2014 - 15	147
2015 - 16	135
2016 - 17	1
Thereafter	<u>4</u>
	<u>\$ 10,226</u>

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2012**

Note 9 Comparative Figures

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

Note 10 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Historic Resources Fund
Schedule to Financial Statements
Revenues
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated (Note 2 (c))
Transfers from Government of Canada	\$ 83	\$ -	\$ 21
Investment Income	379	148	122
Premiums, Fees and Licences	3,953	4,054	3,931
Other Revenue			
Sales	3,956	4,987	3,993
Rental Revenue	3,285	3,953	3,101
Recoveries	3,504	1,174	1,640
Other Grants and Contributions	-	232	240
Donations	271	39	101
Prior Years Refunds of Expenses	45	66	55
Other Miscellaneous Revenue	60	23	31
	\$ 15,536	\$ 14,676	\$ 13,235

Historic Resources Fund
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual Restated
Contracted Services	\$ 8,677	\$ 7,522	\$ 7,057
Supplies and Services from Support			
Service Arrangements with Related Parties ^{(a) (b)}	2,227	2,450	2,236
Materials and Supplies	3,450	1,960	1,998
Amortization of Tangible Capital Assets	916	843	852
General Office	374	502	564
Travel	114	82	62
Financial Transactions and Other	22	83	90
Hosting	7	5	8
	\$ 15,787	\$ 13,447	\$ 12,867

^(a) The Fund receives financial and administrative services from the Department of Culture and Community Services.

^(b) The Fund receives administrative services from the Department of Tourism, Parks and Recreation.

Historic Resources Fund
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Fund paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Revenues	\$ -	\$ -	\$ 8	\$ -
Expenses – Directly Incurred				
Other services	\$ -	\$ -	\$ 470	\$ 464
Receivable from	\$ 88	\$ 12	\$ 152	\$ 318
Payable to	\$ 481	\$ 5	\$ 489	\$ 70

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Fund also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Expenses – Incurred by Others				
Other Services	\$ 329	\$ 348	\$ -	\$ -
Accommodation	-	-	194	194
Internal Audit	-	-	103	126
	\$ 329	\$ 348	\$ 297	\$ 320

**Historic Resources Fund
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)**

Program	Expenses – Incurred by Others				Total Expenses	Total Expenses Restated
	Expenses ^(a)	Other Services ^(b)	Accommodation ^(c)	Internal Audit ^(d)		
Interpretive Programs and Services	\$ 4,546	\$ 180	\$ 66	\$ 103	\$ 4,895	\$ 4,475
Promotion and Presentation	3,119	124	45	-	3,288	3,431
Jubilee Auditoria	5,145	-	74	-	5,219	4,948
Other Initiatives	471	19	7	-	497	537
Provincial Archives	166	6	2	-	174	144
	<u>\$ 13,447</u>	<u>\$ 329</u>	<u>\$ 194</u>	<u>\$ 103</u>	<u>\$ 14,073</u>	<u>\$ 13,535</u>

^(a) Expenses – Directly Incurred as per Statement of Operations.

^(b) The Department of Culture and Community Services provided financial and administrative services. Costs shown for Other Services on Schedule 3, allocated by estimated costs incurred by each program.

^(c) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 3, allocated by square footage.

^(d) The Department of Treasury Board and Enterprise provided Internal Audit Services. Costs shown for Internal Audit on Schedule 3, allocated by estimated costs incurred by each program.

The Wild Rose Foundation

Financial Statements

March 31, 2012

**The Wild Rose Foundation
Financial Statements
March 31, 2012**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Wild Rose Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wild Rose Foundation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

The Wild Rose Foundation
Statement of Operations
Year ended March 31, 2012
(in thousands)

	2012		2011	
	Budget	Actual	Actual	
Revenues				
Investment Income	\$ 336	\$ 99	\$	89
Premiums, Fees and Licences	185	123		122
Other Revenue				
Donations	50	47		44
Miscellaneous Revenue	12	3		11
	<u>583</u>	<u>272</u>		<u>266</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3)				
Vitalize Conference for Volunteers	<u>583</u>	<u>492</u>		<u>537</u>
Net Operating Results	<u>\$ -</u>	(220)		(271)
Operating Fund Balance at Beginning of Year		1,552		1,823
Transfer from Endowment Fund (Note 4)		<u>6,500</u>		<u>-</u>
Operating Fund Balance at End of Year		<u>\$ 7,832</u>	\$	<u>1,552</u>

The accompanying notes and schedules are part of these financial statements.

The Wild Rose Foundation
Statement of Financial Position
As at March 31, 2012
(in thousands)

	2012	2011
Financial Assets		
Cash (Note 3)	\$ 7,923	\$ 1,576
Investment (Note 4)	-	6,500
	7,923	8,076
Prepaid Expenses	31	11
	\$ 7,954	\$ 8,087
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 114	\$ 35
Unearned Revenue	8	-
	122	35
Fund Balances		
Operating	7,832	1,552
Endowment Fund – Internally Restricted (Note 4)	-	6,500
	7,832	8,052
	\$ 7,954	\$ 8,087

Contractual obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

The Wild Rose Foundation
Statement of Cash Flows
Year ended March 31, 2012
(in thousands)

	2012	2011
Operating Transactions		
Net Operating Results	\$ (220)	\$ (271)
(Increase) Decrease in Prepaid Expenses	(20)	9
Increase in Accounts Payable and Accrued Liabilities	79	24
Increase in Unearned Revenue	8	-
Cash (Applied to) Operating Transactions	(153)	(238)
Financing Transactions		
Transfer from Investment (Note 4)	6,500	-
Increase (Decrease) in Cash	6,347	(238)
Cash at Beginning of Year	1,576	1,814
Cash at End of Year	\$ 7,923	\$ 1,576

The accompanying notes and schedules are part of these financial statements.

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 1 Authority and Purpose

The Wild Rose Foundation (Foundation) operates under the authority of the *Wild Rose Foundation Act*, Chapter W-8, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To provide funding to volunteer, non-profit organizations that provide valuable services to Albertans;
- To foster or promote the use of volunteers, or to assist those who volunteer or use the services of volunteers in Alberta; and
- To foster or promote charitable, philanthropic, humanitarian, or public spirited acts or to assist those who perform them.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Wild Rose Foundation, which is part of the Ministry of Culture and Community Services (Ministry) and for which the Minister of Culture and Community Services (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the Government's budget documents.

Incurred by Others

Services contributed by other entities in support of the Foundation operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2012

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2012, securities held by CCITF have a time-weighted return of 1.3% (2011 – 1.1%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Endowment Fund – Internally Restricted
(in thousands)

During the year, a transfer of \$6,500 from the endowment fund to the operating fund was authorized.

Note 5 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Service Contracts		
Vitalize Conference for Volunteers	\$ 986	\$ 214

Estimated payments requirements for each of the next five years and thereafter are as follows:

	Service Contracts
2012 – 2013	\$ 400
2013 – 2014	141
2014 – 2015	148
2015 – 2016	145
2016 – 2017	152
thereafter	-
	\$ 986

Note 6 Approval of Financial Statements

The financial statements have been approved by the Senior Financial Officer and the Deputy Minister.

The Wild Rose Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2012
(in thousands)

	2012		2011
	Budget	Actual	Actual
Supplies and Services from Support Service Arrangements with Related Parties ^(a)	\$ -	\$ 110	\$ -
Supplies and Services			
Contracted and Other Services	559	370	520
Travel	20	12	16
Materials and Supplies	4	-	1
	\$ 583	\$ 492	\$ 537

^(a) The Foundation receives financial and program related administrative services from the Department of Culture and Community Services.

The Wild Rose Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ -	\$ -
Payable to	\$ 2	\$ 35	\$ 111	\$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Entities in the Ministry		Other Entities	
	2012	2011	2012	2011
Expenses – Incurred by Others				
Accommodation ^(a)	\$ -	\$ -	\$ -	\$ -
Other Services ^(b)	-	92	-	-
	\$ -	\$ 92	\$ -	\$ -

^(a) The Department of Infrastructure provided accommodations. Current year costs are reflected in the financial statements of the Department of Culture and Community Services.

^(b) The Department of Culture and Community Services provided administrative services.

**The Wild Rose Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2012
(in thousands)**

Program	2012		2011
	Expenses ^(a)	Expenses – Incurred by Other Services Others	Total Expenses
Vitalize Conference for Volunteers	\$ 492	\$ -	\$ 492
			\$ 629

^(a) Expenses – Directly Incurred as per Statement of Operations.

Other Information

Ministry of Culture and Community Services Statements of Writeoffs Year Ended March 31, 2012

The following information is unaudited:

The following has been prepared pursuant to section 23 of the *Financial Administration Act*. This statement includes all writeoffs made or approved during the fiscal year. There were no remissions or compromises.

Writeoffs

Accounts Receivable	\$31,783.05
Tangible Capital Assets	<u>\$164,739.68</u>
Total Writeoffs	<u><u>\$196,522.73</u></u>

Acts Administered by Culture and Community Services

Culture and Community Services is responsible for a wide array of acts that have a direct impact on quality of life in Alberta. Below is a list of all acts administered by Culture and Community Services. If you would like to review these acts in more detail, they are included on the ministry's website (www.culture.alberta.ca/about/legislation.aspx).

NAME OF ACT	DESCRIPTION
<i>Alberta Centennial Medal Act</i>	Establishes the Centennial Medal and the process to award medals to outstanding Albertans who have made a significant contribution to society.
<i>Alberta Foundation for the Arts Act</i>	Establishes the foundation with its mandate to promote arts development.
<i>Emblems of Alberta Act</i>	Establishes provincial emblems and governs the reproduction and use of emblems.
<i>Film and Video Classification Act</i>	Provides a comprehensive procedure for the classification and regulation of films, and provides for the dissemination of information concerning the nature and content of films.
<i>First Nations Sacred Ceremonial Objects Repatriation Act</i>	Provides the mechanism for the repatriation of First Nations sacred ceremonial objects.
<i>Foreign Cultural Property Immunity Act</i>	Provides immunity from seizure of foreign cultural property in Alberta.
<i>Glenbow-Alberta Institute Act</i>	Enables the Glenbow-Alberta Institute to hold and administer grants and to foster historical, cultural and scientific activities in Alberta.
<i>Government House Act</i>	Establishes the foundation and sets out its mandate to advise the Minister of Culture and Community Services on the preservation of the Government House as an historic site and building and to inform and stimulate the interest of the public in the historical and architectural development of Government House.
<i>Historical Resources Act</i>	Provides for the use and protection of historic resources; establishes the Historic Resources Fund and The Alberta Historical Resources Foundation.
<i>Holocaust Memorial Day and Genocide Remembrance Act</i>	Establishes Yom ha-Shoah – Holocaust Memorial Day.
<i>Queen Elizabeth II Golden Jubilee Recognition Act</i>	Establishes special awards and scholarships that honour Alberta youth in recognition of the Queen's Golden Jubilee.
<i>Ukrainian Famine and Genocide (Holodomor) Memorial Day Act</i>	Establishes Ukrainian Famine and Genocide (Holodomor) Memorial Day.
<i>Wild Rose Foundation Act</i>	Establishes the foundation and sets out its mandate of providing grants for volunteer nonprofit organizations and to promote charitable and humanitarian activities.

Performance Measures: Data Source and Methodology

Culture and Community Services Survey of Albertans on Culture

(Measures: 1.a, 2.a, 3.a, 3.b, and 3.c)

The Culture and Community Services Survey of Albertans on Culture is an annual province-wide telephone survey of 1,000 adult Albertans. Leger Marketing conducted this survey using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. Albertans were asked questions on topics such as arts and culture, volunteerism and heritage. Interviews were conducted from January 17 to January 27, 2012, by trained and experienced interviewers. At least 10.0 per cent of each interviewer's work was directly monitored during calls. The response rate was 39.9 per cent and the margin of error is +/- 3.1 per cent, 19 times out of 20.

Alberta Multimedia Development Fund Production Reports

(Measure: 1.b)

The results for this measure are collected from the Alberta Multimedia Development Fund's administration records. Production companies approved for funding under the Alberta Multimedia Development Fund submit production reports to the ministry for each production satisfactorily completed. Basic information from the production report is entered by program staff as data into an Excel spreadsheet, which produces a sum of the dollar value of film productions for the fiscal year. Based on the value of the project, the film production companies provide either audit statements, review engagements prepared by qualified accountants or a statutory declaration as part of the production report. The production is included in the fiscal year that the grant authorization process is initiated, which is shortly after the production report is received. Reporting may occur in a different fiscal year than the year in which the bulk of production work takes place due to project completion times crossing the reporting year, therefore influencing results for the following year.

Community Initiatives Program Client Survey and Community Facility Enhancement Program Client Survey

(Measure: 2.b)

The 2011-12 surveys were conducted by Leger Marketing. Samples were drawn from all the Community Initiatives Program and Community Facility Enhancement Program clients who received funding from the fourth quarter of 2010-11 and the first three quarters of the 2011-12 fiscal year. The final sample sizes were 450 for the Community Initiatives Program survey and 250 for the Community Facility Enhancement Program survey. Leger Marketing used computer automated interview software for data collection. Interviews for the two surveys were conducted between January 9 and January 16, 2012. Results were determined using the yes category of the response options yes and no. Results for the surveys are totalled to produce the overall result. In terms of the combined individual results, 438 of the 450 (97.3 per cent) Community Initiatives Program clients responded yes and 241 of the 250 (46.6 per cent) of the Community Facility Enhancement Program clients responded yes. The overall margin of error for the measure is +/- 2.7 per cent, 19 times out of 20. The margin of error for the Community Initiatives Program survey is +/- 3.3 per cent, 19 times out of 20 and the margin of error for the Community Facility Enhancement Program survey is +/- 4.7 per cent, 19 times out of 20.

Client Satisfaction Survey – Customer Service Information System

(Measure: 2.c)

The Client Satisfaction Survey was conducted from April 2, 2011, to March 31, 2012, by the Community Engagement and Inclusion Branch. Survey respondents are clients with whom agreements for service have been determined and are selected from those who receive branch services. Clients are community leaders, members of organizations or representatives of government set in the context of group participation. Only projects completed during the fiscal year are counted in the survey, even if the project was started in a prior year. There were 4,526 surveys distributed; and 4,295 surveys were returned resulting in a response rate of 94.9 per cent. Overall satisfaction is based on the top two response categories of a six point scale (i.e., very satisfied, satisfied, slightly satisfied, slightly dissatisfied, dissatisfied and very dissatisfied). The margin of error is +/- 0.3 per cent, 19 times out of 20.

Readership Survey

Culture and Community Services 2011-12 Annual Report

Thank you for reading the Culture and Community Services 2011-12 Annual Report. We hope that you will take a few minutes to complete this readership survey. We are committed to continuous improvement and welcome your feedback and suggestions.

Instructions:

Please read each question carefully and circle the rating that best describes your response. If you require more space for your response, please use a separate piece of paper and identify the corresponding question clearly. If you have any questions, or require further clarification, contact Brad Babiak at 780-644-3272 or brad.babiak@gov.ab.ca.

If you would like to be contacted regarding your feedback, please provide your information below.

Name: _____

Organization: _____

Telephone Number: _____

Email: _____

1. Having read the Culture and Community Services 2011-2012 Annual Report, how would you rate it overall on the following characteristics? Using scale one to five, where ONE is STRONGLY DISAGREE, THREE is NEUTRAL, and FIVE is STRONGLY AGREE, do you agree that... *(Please circle only one rating number for each statement.)*

	strongly disagree		neutral		strongly agree
I learned something new about the ministry reading this report	1	2	3	4	5
This annual report is easy to read	1	2	3	4	5
This annual report was informative and useful to me	1	2	3	4	5
The report has an appealing format/look	1	2	3	4	5
I can easily find information that I am looking for	1	2	3	4	5
I plan on using this annual report as a reference	1	2	3	4	5
Overall, this annual report meets my needs as a reader	1	2	3	4	5

2. What areas or features did you like the most about this annual report?

3. What areas or features would you recommend for further improvement?

Please tear out this survey and fax it to 780-427-0255 or mail it to Culture and Community Services, Planning and Performance Measurement, 7th Floor, Standard Life Centre, 10405 Jasper Avenue, Edmonton, Alberta, Canada, T5J 4R7

